

REPORTS

**THE BUSH ADMINISTRATION'S
RECORD ON
HUMAN RIGHTS IN 1989**

January 1990

HUMAN RIGHTS WATCH
(Africa Watch, Americas Watch, Asia Watch,
Helsinki Watch, Middle East Watch)

BURMA
(Myanmar)

The Bush administration's stance on Burma (Myanmar) was generally positive, although the U.S. embassy in Thailand has been slow to respond to requests for refugee status by Burmese students fleeing repression. The human rights situation in Burma continued to deteriorate sharply throughout 1989, following the bloody end in September 1988 of Burma's pro-democracy demonstrations, when at least 3000 students and other largely unarmed civilians on the streets of the capital and other cities were massacred. The Reagan administration was quick to suspend its small military and economic aid program, and the Bush administration continued to speak out against Burmese rights violations. As one diplomat in Rangoon told the Washington Post in March, "Since there are no U.S. bases and very little strategic interest, Burma is one place where the United States has the luxury of living up to its principles."

In a desperate move early in 1989 to restore the appearance of legitimacy and with it foreign aid, Burma's governing State Law and Order Restoration Council promised multi-party elections, which are now scheduled for May 27, 1990. While cautiously welcoming the pledge to hold elections, the U.S. appropriately criticized other government actions which undermined that pledge.

In September, David Lambertson, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, said, "We have shared our views directly with the Saw Maung government and offered to assist in next year's election, without any substantive response from the Burmese."

Two months later, in November, the Bush administration in a press briefing strongly condemned the continuing house arrest of Burma's prominent opposition leaders, Aung San Suu Kyi and U Tin Oo, and the detention of thousands of opposition activists. The administration has called for the release of all political prisoners and their full participation in the elections, stating that "elections which exclude participation of those who represent Burmese aspirations for democratic change...cannot be regarded as free and fair."

In his November address to the Third Committee of the U.N. General Assembly, U.S. Ambassador to the U.N. Thomas Pickering stressed that "the government's actions over the past few months justify doubts that a truly fair election will actually take place. For example, ordinary democratic political activity has been severely curtailed by a long-standing curfew and a decree which prohibits gatherings of more than five persons."

Elections were far from the only issue. In April, President Bush indefinitely suspended trade benefits under the Generalized System of Preferences, citing Burma's failure to respect internationally recognized workers' rights. And in August, during a massive crackdown against the opposition, U.S. embassy

officials in Burma confirmed the widespread torture of prisoners and the practice of forced portering, condemning in particular an incident in July in which 500 political prisoners tied together by ropes around their waists and ankles were made to carry arms and ammunition for Burmese troops. On September 13, the State Department said, "We now have credible, firsthand reports that instances of torture, beatings and mistreatment are commonplace and that deaths have resulted.... These reports relate accounts of cigarette burns, beatings and of the use of electric shock."

The Burmese army has engaged in similar practices in its conflict with ethnic insurgents on the border, and the administration has appropriately condemned these abuses against Burma's ethnic minority population.

In November, the Burmese press accused U.S. ambassador to Burma Burton Levin of interfering in Burmese internal affairs because of his comments on human rights. The State Department used its November 15 statement rejecting the charge to criticize the Burmese government again for human rights violations.

The weak point in the administration's policy was its position on Burmese refugees in Thailand. Following the 1988 massacre of pro-democracy demonstrators, thousands of students fled to the jungle area near the Thai border, where some 2,000 remained at the end of 1989, under threat of attack by the Burmese army. Approximately 1,000 are now in border camps in Thailand or in Bangkok. After Thailand's rapprochement with Burma in December 1988, some 300 of these students were deported from

border areas and returned to Rangoon, despite evidence that they faced arrest, torture and possible execution upon their return. The administration raised concern about reports of later arrests and deaths in custody of a number of the returned students. After receiving reports of further deportations in September, U.S. embassy officials in Bangkok ordered on-site investigations by U.S. embassy consular officials in Thailand.

The U.S. embassy in Thailand was not as quick to respond to early requests for humanitarian parole by Burmese students in Thailand. At that time, U.S. Immigration and Naturalization Service ("INS") officials in Bangkok reportedly stated that it was difficult to distinguish Burmese students "from all the rest who want to come" to the United States.

Following significant pressure from members of Congress, however, the Bangkok embassy reversed its position on two cases, and on August 11, the INS granted permission for two student activists who had been hiding in Thailand, Min Sun Min and Yuzana Khin, to enter the United States under the humanitarian-parole provision of U.S. immigration laws. That decision was welcome. Since then, U.S. embassy personnel in Bangkok have been directed to consider Burmese students for refugee status, although they reportedly have been slow to do so.

The international response to the severe repression in Burma has been muted, but the U.S. has tried to discourage allies from pursuing arms sales or new trade relationships with Burma. After the September 1988 crackdown and the killing of opposition

demonstrators, Burma's principal donors, including Japan, West Germany and the United States, suspended aid. This was apparently the first time that Japan had used economic assistance to protest human rights abuses. That response was short-lived, however, and in February, Japan partially reinstated its \$300 million aid program, by far the largest in Burma, citing the restoration of "law and order" and signs of gradual democratization in the country. This move came too quickly and sent precisely the wrong signal to Burma's military rulers; the U.S. had cautioned the Japanese against resuming aid too fast. Singapore provided extremely significant support to the Burmese government by way of arms sales at the moment of greatest military carnage. Pakistan has also sold arms. The administration should give these governments a similar message.

In November, Ambassador Pickering called on the United Nations to "give thorough and painstaking consideration to charges of human rights abuses in Myanmar." He should also enlist U.S. allies in calling for a special rapporteur on Burma before the U.N. Human Rights Commission.

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STABILITY AND SECURITY IN BURMA (MYANMAR)
1991-1993
A CRIS SPECIAL REPORT

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Introduction

Burma is caught in a bitter confrontation between civilian political parties demanding rapid political reform and a repressive military regime which refuses to hand over power. In the 27 May national general elections the opposition National League for Democracy (NLD) won a sweeping majority of 80% of the seats contested. In contrast the pro-military National Unity Party (NUP) won a mere ten seats. The mandate for change is overwhelming, but more than six months after the elections the government has yet to announce a firm timetable for the convening of the new national assembly.

A negotiated transfer of power looks almost impossible, and the main question now is whether military repression will succeed in suffocating popular demand for political reform, or whether there will be a violently contested struggle for power leading to a major political upheaval.

Burma is rich in natural resources and has the potential for rapid development. But without political stability the country has no hope of lasting economic recovery and the opportunities for foreign investment are limited. This report assesses the outlook for stability and security in the country over the next two years beginning with an analysis of the political environment in Rangoon. It then moves on to discuss the role of the ethnic minority insurgencies; economic pressures; and pressures from foreign countries. The report concludes with an assessment of the political outlook over the next two years and the implications for US business.

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I - THE POLITICAL ENVIRONMENT

Ne Win

Former Gen Ne Win still dominates Burmese politics though he no longer holds any formal government or party post, and has not been seen in public for several months. He is now 79 and his state of health is uncertain. The army's loyalty to Ne Win's leadership is one of the main factors which has ensured the survival of the present government: his demise will lead to a fierce struggle for power.

Ne Win was one of the 'Thirty Comrades' trained by the Japanese to lead the Burma Independence Army (BIA) in World War II. He first took over the government as an emergency measure with the consent of civilian political leaders in 1958, but returned to the barracks after the 1960 elections. In 1962 he led a military coup against Prime Minister U Nu, and has ruled the country directly or indirectly ever since.

Ne Win is primarily a Burmese nationalist. His fear of foreign domination led Burma to adopt a strongly isolationist policy until 1988, and foreign involvement in Burma's economy was reduced to the minimum. Burma's official ideology was the 'Burmese Path to Socialism', an idiosyncratic amalgam of Marxism and Buddhism. Since 1988 the government has officially abandoned this ideology in favour of carefully controlled and therefore limited economic and political liberalisation.

Ne Win rules in the style of a traditional Burmese king - and may himself believe that he stands in this tradition. Like many old-style monarchs, he is adept at outmanoeuvring aspiring 'crown princes'. On several occasions would-be successors have been suddenly ousted before they could accumulate sufficient power to threaten his own position.

Although Ne Win is a skilled political infighter, he lacks even an elementary grasp of economics and there is a strong irrational element in his thinking. All his political and economic decisions are influenced by advice from his astrologer. His lucky number is nine: Burma has 45 kyat and 90 kyat currency notes because these numbers are divisible into nine, but not 50 kyat or 100 kyat notes which would be much more convenient. Similarly, numerological considerations are thought to have influenced the timing of such events as the elections on 27 May 1990 ($2 + 7 = 9$; $3 \times 9 = 27$).

Historically, Ne Win has opposed foreign investment in Burma on nationalist grounds. One exception is the German armaments company Fritz Werner which operates a factory in Rangoon and was the only

joint venture in the country until 1988. The company apparently owed its privileged position to personal connections with Ne Win. Such personal connections remain crucial to business success.

It is not clear to what extent Ne Win still influences routine administration, but government leaders are unlikely to take any major decisions without consulting him. It is difficult to predict his future moves because of the irrational element in his thinking, and the lack of public access to him.

Ne Win's advanced age means that he must now be considering his future historical reputation, and in theory this might lead him to adopt a more conciliatory stance towards his opponents. However, he would only do so on his own terms, which would include the preservation of the privileges of his close associates. Moreover, the scale of the NLD victory in the 27 May elections will have come as a personal rebuff. He may genuinely believe that concessions to the opposition will lead to the dismemberment of his country. Ne Win's personal opposition to any compromise with the NLD is one of the principal bars to any compromise political settlement.

The State Law and Order Restoration Council

The State Law and Order Restoration Council (SLORC) is the highest official body in Burma. SLORC came to power after what was portrayed as a military coup on 18 September 1988. In practice the 'coup' was little more than a reshuffle: SLORC chairman Gen Saw Maung and all his colleagues are longstanding Ne Win loyalists. All are soldiers except for Education Minister Pe Thein, and even he has now been awarded the military rank of colonel in his capacity as commander of the University Training Corps.

The most powerful figure in the military junta is not Saw Maung but SLORC First Secretary Brig Gen Khin Nyunt. Khin Nyunt is reputed to have a romantic liaison with Ne Win's favourite daughter, Sanda Win, though both have other spouses. He is head of the powerful Directorate of Defence Services Intelligence (DDSI), and this gives him access to potentially embarrassing personal information on his colleagues and potential political rivals. Blackmail is a standard political weapon in Burma.

Khin Nyunt enjoys a close personal relationship with Ne Win and may see himself as his favoured successor. However, this is far from certain. Ne Win deposed and imprisoned a previous intelligence chief, Tin Oo, in 1983 because he had grown too powerful. Moreover, Khin Nyunt is unpopular in the army, partly because his background is in military intelligence rather than service in the field, and officers who have suffered on the battlefield will be reluctant to accept his leadership. He would be unlikely to survive without his patron's support.

Rangoon rumours have hinted at policy disagreements between Saw Maung, who is thought to be more 'moderate', and Khin Nyunt, who is more of a

hardliner. Such disagreements are never made public, and even if there are differences in approach both men agree on the basic principle of military supremacy.

Trade Minister Brig Gen David Abel is the regime's main economic adviser. He is a Christian of Eurasian descent. Abel is thought to be a competent administrator, but does not have a major political power base in his own right.

The Army

The army (Tatmadaw) is by far the most powerful political institution in Burma and the main power base of the present government. Since 1988 the number of troops has increased from 186,000 to some 230,000. Military officers wish to defend their special privileges in a changing political climate. However, at a private level they are concerned at the army's unpopularity. The army's loyalty, or lack of loyalty, will be the critical factor determining the country's political future.

Since independence in 1948 the army has been continually at war against one or other of the ethnic minority insurgent groups. The present military regime bases its claim to legitimacy on the belief that the army is the prime guarantor both of Burma's independence and of its national unity.

If the army itself is not united, the present regime cannot survive. In August and September 1988 the light infantry divisions deployed in Rangoon and other cities to suppress pro-democracy protests stayed loyal to their political masters. The reasons for this include widespread personal reverence for Ne Win among the officers, and the fact that the common soldiers had been told that they were firing on communists.

However, the army is not immune to the powerful undercurrents of dissent in Burmese society. Apart from anything else, the victims of the 1988 massacres must have included relations of serving soldiers, and many of the leaders of the opposition National League for Democracy (NLD - see below) are former military officers. Government propaganda over the last years has repeatedly denounced alleged opposition attempts to split the armed forces, and this in itself suggests that potential military dissent is a serious concern.

One of the prime tasks of the government's espionage network is to monitor the opinions and movements of serving officers. The authorities have a deliberate policy of pre-empting potential military conspiracies by frequently transferring officers so that they have no opportunity to build up dissident support networks. For the same reason they have recently taken to deploying mixed units from different regiments against the insurgents.

Although serving officers find it prudent not to express political opinions, the early graduates of the Defence Services Academy (DSA) which opened in Maymyo in the late 1950s are thought to be more

disposed to political reform than their older counterparts and those who were promoted from the ranks. The DSA graduates are now reaching senior positions and are therefore in theory well-placed to influence events. So far there is little evidence that they have been able, or are willing, to do so.

Nevertheless, there have been rumours of military conspiracies over the last two years. For example, opposition sources in Bangkok report that in November 1989 the government suppressed a mutiny plot among younger officers. Precise details of this conspiracy remain obscure, but it may be a harbinger of a more serious split in the armed forces.

From the government's point of view, voting patterns in the 27 May national elections provide an even more serious indicator of military dissent. The election results for army-dominated constituencies such as the Mingladon cantonment area near Rangoon show that soldiers voted in large numbers for the NLD, and this casts serious doubt on the future loyalty of the lower ranks, if not of the officers.

Since the election, government propaganda has focused on the army, urging soldiers not to be misled by opposition 'perversion'. At the same time opposition activists are themselves putting pressure on individual soldiers, especially those who live outside military barracks and are more exposed to public opinion. In September and October 1990 Buddhist monks in Mandalay and other towns boycotted religious ceremonies where soldiers were present (see below). In the popular view a military uniform is now a badge of shame rather than a source of pride.

A growing sense of shame may eventually foster some kind of military rebellion against the present leadership. But the effectiveness of the government's espionage network means that this is unlikely to happen as a result of an organised conspiracy. A more likely scenario is that troops will refuse to open fire on civilian demonstrators, and that this could lead to a disorganised rebellion. This and other scenarios are discussed in more detail in the OUTLOOK section.

The National Unity Party

The National Unity Party (NUP) is the successor to Ne Win's Burma Socialist Programme Party (BSPP) which once had several million members. Membership of the ruling party brought professional and social rewards, as it did in the former socialist societies of eastern Europe. Officially the BSPP was dissolved in September 1988, but the NUP inherited its assets and, like its predecessor, has benefited from government patronage and widespread coverage in the government media. Neither the BSPP nor the NUP ever ranked as independent political forces, and the NUP's feeble performance in the 27 May elections, when it won only ten out of 485 seats, is conclusive evidence of its ineffectiveness as a political vehicle for SLORC.

THE OPPOSITION

The National League for Democracy (NLD)

The NLD was founded in 1988 and won 392 out of 485 seats in the 27 May national general elections. Its main priority is the restoration of full multiparty democracy. NLD theorists have drawn up a draft constitution which is based on the independence constitution of 1948. This provides for a parliamentary democracy loosely based on the Westminster model. The party has not drawn up a detailed economic programme, but it would favour a liberal economic system including the participation of foreign investors.

The NLD has a national organisational network, though it has been hampered by the arrests of hundreds of party workers at all levels.

Aung San Suu Kyi

The key figure in the NLD is the party general secretary, Aung San Suu Kyi. She is the daughter of Aung San, the leading figure in Burma's independence struggle, who was assassinated in July 1947. She first entered Burmese politics in August 1988 and owed her initial popularity to her father's memory. Since then she has emerged as a major political figure in her own right and on her own merits.

Suu Kyi was educated in India and in Oxford (England), and is married to Dr Michael Aris, an English Tibetanist. Government propaganda has tried to suggest that marriage to a foreigner implies a lack of loyalty to her country. The claim that she enjoys the rights of a foreign citizen through her marriage provided the official justification for preventing her contesting the 27 May election.

Before 1988 Suu Kyi had shared her husband's professional and family preoccupations, and had recently registered to study for a doctorate. One of her main areas of interest was her father's activities in Japan in World War II - he was the leader of the 'Thirty Comrades' - and she had stayed in Kyoto to pursue her researches there. However, she had always believed that she would eventually become more directly involved in Burmese affairs.

The timing of her entry into Burmese politics was unexpected. In 1988 she returned to Rangoon to care for her mother who was terminally ill and eventually died in December 1988. In August and September student demonstrations against the government escalated into a much broader movement, but there were no obvious national leaders. Suu Kyi emerged as one of the main opposition spokesmen.

Perhaps partly because of her long residence in the West, Suu Kyi's personal style is direct and to the point. Most Burmese prefer to avoid overt confrontation, and her approach is seen as unusual and even shocking. At the same it marks a refreshing change from the

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obfuscations and circumlocutions of official propaganda, and is one of the reasons for her popularity. It is also one of the reasons why she is under house arrest. In July 1989 her public speeches openly criticised Ne Win's political record. Such public criticism was unprecedented and, from the regime's point of view, intolerable.

In an interview with Japanese MP Michio Watanabe in late August 1990, SLORC chairman Gen Saw Maung offered to allow Suu Kyi to leave the country if she renounced political activities. Such offers have been mooted before: there is no chance that she will accept.

Suu Kyi's long period under house arrest has reinforced both her personal determination and her popular appeal. Her leadership would be acceptable both to the broad spectrum of Rangoon opposition parties, and even, in principle, to ethnic minority guerrilla groups (see THE INSURGENCIES).

Other NLD Leaders

Apart from Suu Kyi, the most senior NLD leader is party chairman Tin Oo (not to be confused with the former intelligence chief of the same name), who is currently serving a three-year prison term on trumped-up charges. Tin Oo is a former Defence Minister who was dismissed in 1976 on suspicion of being implicated in a military coup plot. He has the status of an elder statesman and still claims to command the residual loyalty of sections of the armed forces, but in political charisma he lags far behind Suu Kyi.

After the 27 May elections Kyi Maung emerged as the party's main spokesman in Suu Kyi's absence. Kyi Maung is a former military officer who is now in his seventies and was a member of the Revolutionary Council which led the 1962 military coup. However, he fell out with Ne Win soon afterwards, and has been imprisoned three times. He is a courteous and cautious figure, and after the elections used his influence to persuade the party to delay direct confrontation with the regime in order to avoid giving the authorities an excuse to launch a security crackdown. This policy failed: Kyi Maung was arrested on 6 September and has now been sentenced to ten years' imprisonment.

The United Nationalities League for Democracy (UNLD)

The UNLD consists of 19 ethnic minority parties who between them won 67 seats in the 27 May elections, and it has now formed an informal alliance with the NLD. The alliance is intended to pre-empt claims by the military government suggesting that the NLD is not representative and that the opposition is not united.

The Union National Democracy Party (UNDP)

The UNDP is led by Brig Gen Aung Gyi who before the elections was one of the more prominent opposition figures. He was second in command to Ne Win at the time of the 1962 coup, but soon fell out with his master over the regime's nationalisation policy. In May and June 1988 he sent a series of poetic letters to Ne Win calling on him to introduce

sweeping reforms to protect his historical reputation. This and his subsequent detention boosted Aung Gyi's popularity in opposition circles, but he is now isolated and widely distrusted, having split from the NLD at the end of 1988. At one stage it seemed possible that he might emerge as a compromise political leader acceptable both to the army and the civilian political parties. However, the UNDP performed poorly in the 27 May elections. Aung Gyi currently does not play a prominent role.

The League for Democracy and Peace (LDP)

The patron of the LDP, U Nu, was Prime Minister at independence in 1948 and deposed by Ne Win in 1962. He is now 89, and is widely revered as an elder statesman. However, for all practical purposes he and his party have been eclipsed by the NLD.

Students and Monks

Students and monks have played a particularly active part in opposition politics and public demonstrations over the last two to three years, especially in Mandalay.

After the suppression of the 1988 pro-democracy protests, thousands of students fled to the Thai and Indian borders to join insurgent groups there. Some 2,000 to 3,000 are still on the border and have formed their own political and military organisation known as the All Burma Students' Democratic Front (ABSDF - see below DEMOCRATIC ALLIANCE OF BURMA).

The universities have remained closed to undergraduates since 1988 though postgraduates and staff are still reporting for duty. The high schools have reopened, and high school students have been responsible for recent street protests in Mandalay and other cities. Student posters display the 'fighting peacock', a symbol of resistance which dates back to the early stages of the independence movement in the 1930s.

There are some 300,000 Buddhist monks in Burma and the monastic community or 'Sangha' is highly revered. Historically, the Sangha was closely associated with the monarchy, and, acting on the advice of senior monks, the King had a role in enforcing religious discipline. Relations between the Sangha and the state in post-independence Burma have been ambiguous, but in 1980 Ne Win organised a Sangha Convention near Rangoon. The Convention gave legal recognition to only nine 'Nikayas' ('groups' - often mistranslated as 'sects') and confirmed the state's authority to supervise monastic discipline.

One of Ne Win's main motives in organising the Convention was to keep the monks out of politics. However, monks played a prominent part in the anti-government demonstrations of August and September 1988. The All-Burma Young Monks' Association, an organisation whose history goes back to anti-British riots in 1938, was particularly active. The monks have emerged as one of the main vehicles of political dissent in the absence of more effective opposition institutions.

THE IMPLICATIONS OF THE 27 MAY ELECTIONS

The NLD's victory in the 27 May national elections marked a turning point in Burmese politics, because it proved conclusively that the military regime had lost any claim to political legitimacy. However, the regime itself has not yet come to terms with this development. This section analyses SLORC's election plans, its response to the results, and the growing confrontation with the opposition.

SLORC's Election Plans

SLORC and the opposition are in theory agreed on the need for political reform. The Burmese Path to Socialism was a self-evident failure and, shortly after seizing power in September 1988, SLORC announced its programme for a gradual transition to multiparty democracy. The first step was the legal recognition of opposition parties, and this was to lead up to the 27 May elections.

SLORC has repeatedly stressed that it accepts the principle of multiparty democracy, but it has always been clear that it expects the armed forces to play a continuing role in the government. This role has never been precisely defined, but SLORC may have had in mind a Burmese version of the Thai or Indonesian models: the government might have a civilian facade, but the army would continue to be involved in key political decisions.

Between October and December 1988 more than 200 groups registered as political parties, though the great majority of these lacked significant support bases. All the political parties except the NUP operated under tight constraints. Martial law remained in force through most of the country until polling day. This meant that public assemblies were banned, and that opportunities for campaigning were therefore severely restricted. The government-controlled media scarcely mentioned the opposition, though some parties were allowed to make pre-censored radio broadcasts.

The NLD has operated under tight constraints. As noted above, Aung San Suu Kyi has been under house arrest since July 1989, and NLD chairman Tin Oo is in prison, as are hundreds of other activists.

The election campaign was therefore scarcely free or fair. However, the vote count was largely honest, though the proportion of spoiled votes (12.3%) was suspiciously high. The lack of rigging came as a surprise, and it is still not entirely certain what happened. SLORC may have been influenced by foreign pressure demanding a free election, but perhaps the most important factor was miscalculation. In spite of its extensive intelligence network, SLORC appears to have grossly underestimated the level of public support for the NLD. It may have thought that it had no need to rig the result. Once it realised the scale of the NLD landslide, it was too late to do anything about it.

SLORC's failure for several weeks to make any official announcement in response to the election result may reflect this miscalculation. The regime had most likely expected either an NUP majority or a 'hung parliament' in which no single party outnumbered the others. It would then have been able to play off one party against another during the lengthy process of drawing up a new constitution. This would mean that SLORC could delay the transfer of power, and that the final constitution would be according to its liking.

The NLD's overwhelming victory in the 27 May national elections made this plan much less plausible, but SLORC has stuck to it regardless. Gen Saw Maung has rejected any suggestion that SLORC should negotiate with the NLD or any other political party. He argues, somewhat obscurely, that negotiation is a political procedure which is inappropriate for a military body such as SLORC.

The regime's current policy is set out in SLORC Order No. 1/90 issued on 27 July 1990 and in subsequent speeches and press statements by Saw Maung and Khin Nyunt.

First, SLORC has delayed convening the new National Assembly until all the candidates have submitted detailed expenses and every election dispute has been resolved. It was still using this argument nearly six months after the elections had taken place.

Secondly, SLORC has made it clear that it is not prepared to transfer legislative and executive authority to the new assembly until after the promulgation of the new constitution. In SLORC's view this will be a lengthy process. The national convention which drafts the constitution will have to follow guidelines laid down by SLORC. Once the draft of the constitution has been agreed it will be submitted to a plebiscite, and it seems that this will be followed by fresh national elections. This time SLORC would no doubt hope to achieve a result more to its liking. Only after a second round of elections will SLORC hand over power to a new civilian government.

Saw Maung indignantly rejects any suggestion that he indicate, or even hint at, any timetable for this programme. Meanwhile, it is SLORC's duty to continue to exercise its authority to protect the country from 'imperialists' intent on dividing it and from communist subversives trying to undermine it from within. The military leadership continues to pay lip-service to the idea of transferring power to a civilian government. It is clear that it will do so only if it can be confident of dominating any new administration.

The NLD's Response

The NLD's initial reaction to its election victory was cautious. NLD acting leader Kyi Maung described himself as 'an ant among elephants' and was clearly concerned not to give the regime an excuse to launch a security crackdown. He evidently hopes that SLORC might be persuaded to open negotiations, and was prepared to wait.

This cautious approach was unpopular among the party's Youth League. By the end of June and the beginning of July groups of students and ex-students were holding small-scale demonstrations in Rangoon, Mandalay and other towns. These consisted of short-lived traffic blockades rather than any more serious threat to public order.

On 28 and 29 July the NLD's elected representatives held a conference in Rangoon's Gandhi Hall. Acting NLD leader Kyi Maung said that the party had drawn up its draft of the future national constitution and that it would use its parliamentary majority to pass the constitution into law as soon as the assembly was convened. The conference demanded the immediate release of Aung San Suu Kyi as well as NLD chairman Tin Oo and issued a call for the rapid transfer of power, attacking SLORC's prevarications as 'shameful in the eyes of the people and the international community'.

The regime failed to respond and on 8 August thousands of monks and students held a major demonstration in Mandalay to commemorate large-scale anti-government protests on the same day in 1988 when hundreds of people had been killed. The 1990 demonstrations also led to violence: government troops opened fire and two monks and two students were killed. The authorities deny this: they say that the only casualties were three policemen and one student who were injured but not killed.

On 29 August the NLD and the UNLD issued a joint statement demanding:

- the convening of the national parliament in September;
- an early meeting of the NLD and SLORC representatives to discuss immediate problems;
- the release of NLD leaders Tin Oo and Aung San Suu Kyi;
- the withdrawal of all constraints on the people's democratic rights.

NLD leaders said that if the regime failed to respond they would convene the national assembly on their own authority.

SLORC again refused to make any conciliatory gesture. On the contrary, in the early hours of 7 September the authorities arrested Kyi Maung and NLD acting Secretary Chit Khaing. They were accused of passing unspecified state secrets to 'unauthorised persons' and subsequently sentenced to ten years' imprisonment. Five more members of NLD's central committee were arrested in October, as were nine elected MPs, ten youth leaders and six divisional and township organisation officers. On 10 November Maung Ko, a senior NLD leader with close links to Aung San Suu Kyi, died in prison. The government claimed he had committed suicide by hanging himself with a blanket. However, relatives say that his body was covered with bruises and that one leg had been broken: they believe that he died of torture.

Faced with this kind of pressure, the resolve of the handful of NLD leaders still at liberty began to crumble. On 11 November they signed a pledge of allegiance to SLORC decree No 1/90, thus formally accepting SLORC's legislative and executive authority. The leaders of the student-based Democratic Party for a New Society (DPNS) refused to sign and were promptly arrested.

The NLD's surrender is a major defeat. Aung San Suu Kyi remains as popular as ever, but her party has failed to achieve much longed-for political reforms. Its failure leaves a political vacuum.

Government Confrontation with Buddhist Monks

The vacuum has in part been filled by Buddhist monks who, as noted above, have a tradition of political protest. Monkish expressions of dissent have taken unusual forms. For example, individual monks have begun bowing ostentatiously in front of soldiers when they meet in the street: this is a reversal of religious custom which makes a mockery of the army.

In early September the Sangha Thatmetgyi Aphwe (Monks' Union) in Mandalay wrote a letter to Saw Maung saying that monks would no longer take part in religious ceremonies with soldiers present. The boycott soon spread to other towns in upper Burma, including Sagaing, Monywa, Pakokku, Myingyan, Meiktila, Shwebo and Ye-U. On 1 October 1,000 monks from 60 monasteries in Rangoon held a peaceful protest in the capital. By mid-October about 10% of the country's 300,000 monks were taking part in the boycott.

The monks' hostility to the army is damaging in a Buddhist country such as Burma, and the authorities were concerned that it could undermine the loyalty of the lower ranks. On 18 October Saw Maung gave the monks a three-day ultimatum to lift the boycott. On 20 October SLORC Order No 6/90 dissolved three religious bodies - the Sangha Sammagi Organisation, the Young Monks' Organisation and the Monastery Abbots' Sangha Organisation.

According to Rangoon government radio, senior monks agreed to lift the boycott, but this did not stop the army launching a series of raids on more than 100 monasteries in and around Mandalay. At least 350 monks have been arrested. The government claims to have discovered weapons and political pamphlets from both the NLD and, less plausibly, the Communist Party of Burma (CPB - see below) in the course of these raids.

The government's raids have ended the monks' boycott, but this is at best a partial victory. On their abbots' advice, about half of Mandalay's 80,000 monks are reported to have returned to their villages to avoid arrest. This is a tactical retreat which scarcely amounts to acquiescence to the government's demands, and radical monks are likely to resume their anti-government protests in the future.

Many ordinary Burmese were shocked at the spectacle of soldiers breaking into religious centres, an act which in their eyes amounts to gross sacrilege. The authorities have tried to counter this by claiming that many of those they arrested were not authentic monks but political agitators in disguise. In November the government press has highlighted stories reporting monastic misdemeanours. For example, one article reported that a monk had been caught in 'compromising' circumstances with a prostitute, though it did not say where the incident had taken place. The purpose of such stories is apparently to cast doubt on the monks' moral integrity. This is unlikely to work. The regime's confrontation with the monks leaves it more morally isolated than ever.

But moral isolation will not in itself lead to the regime's downfall. The failure of the NLD and of the monkhood to achieve political change has engendered a widespread mood of public despair. For many younger activists the armed struggle seems to be the only option.

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II - THE INSURGENCIES

The Democratic Alliance of Burma (DAB)

The most important proponent of the armed struggle is the Democratic Alliance of Burma (DAB), a coalition representing all the major ethnic groups in Burma. The DAB was founded in November 1988 and is made up of a combination of the National Democratic Front (NDF - an ethnic minority guerrilla alliance founded in 1976), and a handful of Burman groups. Between them these groups control at least a quarter of Burma's territory.

The minority political and military groups represented in the NDF are as follows:

Arakan Liberation Party/Army (ALF/ALA);
Chin National Front/Army (CNF/CNA);
Kachin Independence Organisation/Army (KIO/KIA);
Karenni National Progressive Party/Karenni Army (KNPP/KA);
Lahu National Organisation/Army (LNO/LNA);
New Mon State Party/New Mon Liberation Front (NMSP/NMLF);
Palaung State Liberation Party/Army (PSLP/PSLA);
Pa-O National Organisation/Army (PNA/PNO);
Shan State Progressive Party/Shan State Army (SSPP/SSA);
Wa National Front/Army (WNF/WNA);

The most powerful of these groups are the KNU, which claims some 10,000 guerrillas (many of them adolescents), and the KIO with some 9,500 guerrillas.

The other organisations which have joined the NDF to form the DAB are:

All Burma Students Democratic Front (ABSDF);
All Burma Young Monks Union (ABYMU);
Campaign for the Restoration of Democracy in Burma (CRDB);
German Buddhist Association (GBA);
Muslim Liberation Organisation (MLO);
Overseas Burmese Liberation Front (OBLF);
National United Front of Arakan (NUFA);
People's Liberation Front (PLF);
People's Patriotic Party.

The only one of these with a substantial constituency is the ABSDF which, as noted above, grew out of the August/September 1988 pro-democracy protests. Some 2,000 to 3,000 remain in camps along the Thai border. Many have found it difficult to adapt to jungle conditions, and their limited access to medical supplies has resulted in many casualties to blackwater fever and other diseases. However, the elite of the ABSDF have trained as guerrillas with the help of

Karen, Karenni and Mon veterans: they claim to have formed nine battalions with about 100 members each. The military significance of these ABSDF battalions should not be exaggerated - many of them lack sufficient weaponry to be operationally effective. However, their political importance is considerable because they enable the DAB to claim to be a truly national organisation representing all the different ethnic groups within Burma. Previously, would-be oppositionists in Rangoon and the Burman heartland were inclined to accept the regime's claim that the NDF was an alliance of separatist bandits. The NDF's presence on the border, aided by the fragile ABSDF underground network in Rangoon and Mandalay, is beginning to erode this belief.

The DAB's Political Objectives

The Karen and other ethnic minorities formerly stood for outright independence. However, they have now modified this to a demand for a federation in which the minority groups would have real autonomy: in general terms this is consistent with the NLD's manifesto.

The DAB's ideology is anti-communist and pro-Western. The Kachins and the Karens stayed loyal to the British during World War II. KIO leader Brang Seng is a Baptist Christian, and KNU leader Gen Bo Mya is a born-again Seventh Day Adventist. By historical tradition and religious affiliation they lean toward the West, and have no ideological objection to the presence of American companies in Burma. However, they are concerned that foreign commercial relations with Rangoon help prop up the present regime.

No lasting political settlement is possible in Burma without the participation of the ethnic minorities. This will be impossible while the present regime is in power, but the emergence of a new government led by Aung San Suu Kyi would create an atmosphere of goodwill in which it might be possible to draw up a federal constitution which would satisfy the minorities' aspirations for autonomy.

The process of negotiation would not be easy. Over 40 years of insurgency (in the case of the Karen) have left a legacy of suspicion on both sides. Many Rangoon politicians still regard the guerrilla leaders as brigands. The guerrillas themselves are more accustomed to fighting than to political give-and-take.

The Communist Party of Burma

Historically, the single most powerful insurgent group has been the Communist Party of Burma (CPB), which until 1989 had some 10,000 guerrillas, mostly in northern Burma near the Chinese border. In April 1989 Wa tribesmen, who had made up most of the CPB's foot-soldiers conducted a successful mutiny. As a result, the CPB has been all but wiped out as an effective military force.

SLORC's propaganda continues to emphasise the CPB threat. For example, Khin Nyunt has repeatedly claimed that the CPB was responsible for the 1988 disturbances, and claims that it is still trying to subvert the

loyalty of the armed forces. This claim is an attempt to discredit the NLD. It is not plausible. The CPB no longer presents a significant threat to political stability at a national level.

The Shan United Army and the Drugs Trade

Meanwhile, the Wa mutineers have reached an accommodation with Rangoon which allows them to concentrate their attention on attacking Khun Sa's Shan United Army (SUA - Tai Revolutionary Council) which is known principally for its drug-running activities. In 1988-1989 the opium harvest in Burma reached 2,000 tonnes, and the 1989-1990 harvest was expected to be on the same scale.

Political manoeuvres in the Shan States are more than a purely local concern. First, the Wa accommodation with Rangoon has allowed the Burmese government to concentrate its troops on the Karen and the Kachin, even if only temporarily. Secondly, there has been speculation that the government may be hoping to capture Khun Sa, who has been indicted in the United States, to win international approval for its efforts to eradicate the drug trade.

However, Rangoon's anti-drugs programme amounts to little more than a facade. The government is thought to have established an alliance with Lo Hsing-han, who now looks set to replace Khun Sa as northern Burma's premier warlord. Far from trying to eradicate the drugs trade, Rangoon appears to be facilitating it as a means of boosting its limited foreign exchange reserves. The main routes for smuggled narcotics are now north via China to Hong Kong, and south via Mandalay to Thailand or along the Tenasserim coast in south east Burma to Malaysia and Singapore. US officials believe that army trucks are used both to transport drugs required in the opium refining process to northern Burma, and to transport the finished product south. Lo Hsing-han is said to play golf with military officials in Rangoon.

The Current Military Situation

In the last two years the DAB/NDF guerrilla groups have suffered badly at the hands of government security forces. There was a lull in the fighting during the summer rainy season, but the government's campaign resumed in late November.

The Karen have suffered most. According to official figures for the Burmese army's Southeast Command, which includes Karen State, there were 107 'major battles' and 1,335 'minor engagements' between 21 March 1989 and 20 March 1990. The Karen and their Mon allies have lost a series of strategic positions along the Thai border including Three Pagodas Pass camp, which fell after heavy fighting on 9 February 1990.

The loss of territory has hit the KNU economically as well as militarily because taxes on the Thai/Burmese black market border trade have been the group's main source of income. The KNU's income from logging also is threatened: since 1988 around 20 Thai companies have acquired lucrative logging contracts with Rangoon.

Many of these companies have links with senior Thai military officials, and the Thai and Burmese armies have therefore established a common interest in undermining the Karen insurgency. At the siege of Three Pagodas and on several previous occasions Thai border forces allowed Burmese troops to enter Thailand in order to attack the guerrilla camps from behind (see EXTERNAL PRESSURES - THAILAND).

The Karen's recent setbacks make it more likely that they will try to organise bomb and sabotage attacks in Rangoon and parts of central Burma in the hope of deflecting Burmese troops from the front-line. In interviews with CRIS in February 1990 Karen leaders confirmed that they intended to organise such attacks in collaboration with the ABSDF whose members stood a better chance of infiltrating Rangoon undetected. Shortly afterwards Rangoon radio announced the capture of four ABSDF members trained by the Karen who had entered Rangoon with a view to letting off hand-grenades at 'important buildings, factories and mills, and in particular the electrical supply substation in Thaketa, the Rangoon-Thanlyin bridge construction project, the dockyards and the offshore oil-exploration camp'. There were further reports of ABSDF/KNU arrests in central Burma in mid-May.

The fact that these would-be saboteurs were arrested, and the DAB's apparent inability to disrupt the 27 May elections, underlines the practical difficulties of operating in Rangoon and central Burma. However, the growing sense of political confrontation in Rangoon and Mandalay increases the risk of guerrilla infiltration in these areas. Even so the capacity of the KNU/ABSDF would most likely be limited to small-scale bomb attacks in these areas.

Guerrilla Threat to US Business?

There is a significant risk of guerrilla attacks on Thai business, particularly the Thai logging companies operating along the Thai/Burmese border. As noted above, Thai logging companies have signed a series of deals with the Burmese military government, and the Karen particularly resent these both because they threaten to lead to a loss of revenue for the KNU, and because they have led indirectly to an increase in military activity in Karen areas. At the very least, the Karen believe that such companies should pay 'taxes' to the KNU. KNU and Mon 'tax-gathering' activities now extend to Thai fishing vessels in the Andaman Sea. It appears that CPB remnants also are actively involved in extortion rackets in this area. In the course of 1989 guerrilla activists from one or other of these groups seized more than 100 Thai fishing boats, but all were returned after a ransom had been paid. Typical ransom demands were in the region of 500,000 baht and payments in the region of 150,000 baht.

The only example of a guerrilla incident directly involving Western business in the last decade was a KNU raid on a cement factory near Pa-an in Karen State in October 1983. The KNU 'arrested' a French engineer and his wife who had been working on the project. The couple were well-treated and released unharmed after negotiations which involved the International Red Cross. In an interview with CRIS in February 1990 the KNU deputy chairman recalled this episode with satisfaction, claiming that it represented a propaganda victory for the KNU.

More recently, in June 1990, KNU leader Gen Bo Mya gave an interview to Agence France Presse (AFP) correspondent Michael Adler in which he said that 'anyone helping the Burmese government is our enemy', and threatened to assassinate foreign 'company people' and businessmen who operated in Burma unless they came to an understanding with the KNU within a year. If that failed Bo Mya said that the Karens would 'go in and assassinate them, not only Americans, anybody, all foreigners'. Adler's article also mentioned that young commando leaders had said in recent months that they were now ready to target Japanese or Americans.

The tone of Bo Mya's interview was particularly surprising because of its timing soon after the 27 May elections, when there still seemed to be a possibility that SLORC might negotiate a transfer of power to a civilian government. The KNU's allies in the ABSDF had temporarily suspended the armed struggle in order to allow time for political negotiations to take place while avoiding giving the military government an excuse to impose a political crackdown.

In conversation with CRIS after the interview, Adler himself expressed surprise at Bo Mya's threat, but said that he had made him repeat his statement two or three times to make sure that there was no misunderstanding.

However, shortly after Adler's report was published, the KNU issued a statement saying that it had 'no intention of kidnapping or assassinating foreigners working in Burma' and regretting Adler's 'misinterpretation' of the KNU's position. At the same time the statement repeated the group's call on foreign companies to halt their contacts with the Rangoon military regime.

Bo Mya does not speak good English, and Adler's interview would have been conducted through an interpreter. There may have been a genuine misunderstanding. However, it is more likely that Bo Mya made the threats, and then retracted them on the advice of his 'ministers'. Bo Mya is an experienced guerrilla leader, but not a skilled political strategist, and may not have realised the full implications of what he was saying. A guerrilla attack on a US company would wreck the KNU's hopes of achieving international recognition as a legitimate freedom movement. These considerations reduce the likelihood of a direct attack on US business by the KNU or any of its allies in the DAB.

This does not mean that US companies can afford to dismiss the threat to their installations and personnel. First, although the guerrillas are not likely to single out American businessmen specifically, they may attack strategic installations because of their economic importance.

Secondly, it should be noted that even if it is not official DAB/KNU policy to attack US targets, there is still an outside possibility that younger guerrillas or political activists' leaders might do so on their own initiative.

The hijack of Thai Airways flight TG 305 en route from Bangkok to Rangoon on 10 November 1990 provides an example of the type of incident where US businessmen can be caught up in political violence even though this may not be directed against them specifically.

Two Burmese students hijacked the plane and forced it to fly to Calcutta (India). There were 204 passengers on board, including several Americans and 17 crew. A third student also was involved, but he was unable to find the money for the air fare and dropped out at the last moment. The students claimed to be acting on behalf of a previously unknown group, the Justice and Liberty Warriors. It is not clear whether they enjoyed the support of a wider organisation or were acting on their own initiative.

The two students took over the plane soon after take-off. One of them claimed to be holding a bomb hidden in a hollow model of the Buddha with wires attached to it. He threatened to explode it, destroying himself and the plane, if the passengers and crew refused to co-operate. The 'bomb' subsequently proved to be harmless.

After taking over the plane, the students asked for a list of passengers, and were able to identify 17 Myanmar government officials. The students berated them, insisting that they should be ashamed of working for an evil regime, but said that they had no intention of harming them. The students were carrying six handwritten copies of a nine-page statement explaining their aims:

'We, the students and Burmese people have been more oppressed than the world's other military, dictatorial governments such as China... We finally act this hijacking drama to make the world carefully listen to the cry of the Burmese people for democracy and human rights inside a closed and little known country'.

In Calcutta the hijackers released a group of passengers with their demands, which included the release of political prisoners, the lifting of the state of emergency in Myanmar, the restoration of democracy there, and - perhaps more practically - the holding of

press conference. They eventually surrendered in the early hours of 11 November, apparently believing that they had achieved their main aim of winning publicity. They are now in Indian custody, but probably will be granted political asylum.

The students made it clear that they did not intend to cause anyone physical injury, but the hijack could have had tragic consequences. The sense of despair among opposition groups both inside Burma and in exile is so great that it is very likely that the younger and rasher elements will attempt further hijacks and similar incidents in a desperate attempt to gain publicity for their cause. Next time the outcome may not be so peaceful.

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III - ECONOMIC PRESSURES

The Legacy of the Burmese Path to Socialism

The 'Burmese Path to Socialism' was a failure economically as well as politically. Government control of the rice market resulted in low prices for farmers, and a corresponding lack of incentive to increase production. This in turn resulted in severe rice shortages. At the same time a highly inefficient bureaucracy stifled commercial enterprise - except in the lucrative black market which by the late 1980s may have accounted for as much as 40% of the country's economy. Many of Burma's brightest technocrats went into exile - and will remain there until there is a change of regime.

By 1987 the failure of official policies was apparent even to the government. In September the government deregulated the rice market. Subsequently, Burma was officially designated a 'Least Developed Country' (LDC). This status accurately reflected the state of the country's finances, but not its potential. Burma had formerly been one of the richest countries in south-east Asia. Many Burmese regarded their country's designation as an LDC as a disgrace.

Initially, deregulation of the rice market created more economic and hence political problems than it solved. The price of rice shot up and, although no one starved, there were severe shortages of good-quality rice by mid-1988. This was one of the factors which contributed to political unrest in August and September that year.

The stagnation of the Burmese economy since the 1950s means that the country's basic infrastructure - roads, telephones, and railways - has been allowed to fall into disrepair. Flying by the national airline also is dangerous, because lack of money to pay for spare parts and basic maintenance has resulted in a series of crashes.

SLORC's Economic Policies and Foreign Investment

When SLORC took over the government in September 1988, Burma was almost bankrupt: total foreign exchange reserves amounted to a mere \$10m. At the same time Japan and most Western governments withheld economic aid from the new regime. The country's desperate economic state called for drastic action, and SLORC quickly announced sweeping economic reforms opening up the economy to private business.

This included new foreign investment regulations issued in November 1988. On paper the investment law is attractively liberal. It includes an unequivocal state guarantee against nationalisation and expropriation, and assures investors of the right to repatriate profits and withdraw their legitimate assets on the winding up of their business.

The fastest response has come from Thailand. As noted above, Thai companies signed a series of business deals, mainly in the logging, gems and fishery sectors. The government has legalised the cross-border trade with Thailand and China - resulting in an influx of foreign consumer goods, especially in northern Burma.

Western companies have been much slower to invest. This is partly because there are considerable practical problems, even though Burma's investment regulations look favourable on paper. Obstacles include the poor infrastructure noted above; shortages of essential commodities such as cement, except on the black market; the lack of a trained labour force; bureaucratic ineptitude; and an absurd exchange rate. The official exchange rate is currently six kyat to the US dollar, but this bears no relation to the real value of the currency: the black market rate in Rangoon is currently some 70 kyat to the US dollar. Exchange rate problems discourage normal trading relations, though some foreign companies have negotiated counter-trade deals. For example, one Indian company sells Singaporean pharmaceuticals in Burma and exchanges these for Burmese lentils which apparently are much sought after in India.

The main breakthrough in foreign investment came in the last three months of 1989 when nine foreign oil companies - Amoco, Unocal (USA), Croft, Kirkland (UK), Broken Hill Petroleum (Australia), Petro-Canada (Canada), Idemitsu (Japan), Royal Dutch Shell (Britain and Holland) and Yukong (South Korea) - signed contracts with the government. They were reported to have paid initial fees of between \$5m and \$8m each. Further oil projects have been agreed since then. For example in September 1990 the Petroleum Authority of Thailand announced that it was making a joint investment in an onshore oil block with Unocal and also was investigating possible further investment in offshore oil blocks.

Non-oil ventures include Pepsi-Cola's plans to build a factory near Rangoon, and there have been other joint venture agreements involving Malaysian and Singaporean companies, the South Korean conglomerate Daewoo and the Japanese trading company Tokyo Maruichi Shoji Co. In 1989 Coca Cola also had announced plans to invest in the country. However, it subsequently withdrew, apparently as a result of pressure from human rights activists in the United States.

As a result of these developments Burma has increased its foreign reserves to some \$200m to \$400m (estimates vary widely), though it still has to cope with a foreign debt of some \$4.2bn. The economic reforms have brought visible prosperity to the towns, especially Mandalay which has benefited from greatly expanded trade links with China and Thailand.

The government is proud of its achievements in securing this investment. In a public speech on 12 November Saw Maung boasted of Ne Win's friendship with a senior Amoco executive, who had been given the honorary title of 'uncle'. The executive apparently had given Saw

Maung some videotapes of golfing lessons, but affairs of state had prevented the latter from studying them. This episode was quoted as an example of a satisfactory relationship between Burma and the West - which only SLORC could achieve.

The economic development which has taken place has not in itself been sufficient to defuse political unrest, as the regime may have hoped. As is commonly the case in developing countries, the benefits of economic development are unevenly distributed and this has given rise to new jealousies. Moreover, in mid-1990 inflation was running at some 60% and high prices of essential commodities still contribute to political dissent even though a good rice harvest in 1990 means that there are no immediate food shortages.

The Opposition's Attitude to Foreign Business

Neither the NLD nor the various groups associated with the DAB are ideologically opposed to foreign investment. Nevertheless, all these groups have specifically called for foreign companies to withhold investment while the present regime lasts. They argue that trade with foreign companies has saved SLORC from bankruptcy, and that the government's income has been used to finance arms purchases. For example 'Dawn', the newsletter of the All Burma Students' Democratic Front (ABSDF), published in Bangkok, has specifically called on Petro-Canada to pull out of Burma. The linkage between the government's foreign commercial deals with its arms purchases has been widely discussed in more reputable publications, such as the Far Eastern Economic Review.

Foreign Business Under a Democratic Government

As discussed above (see THE INSURGENCIES), none of the guerrilla groups is likely to order a direct attack on Japanese business in Rangoon. However, companies who deal with the present regime may be at a disadvantage if there is a change of government.

When discussing this issue, NLD sources emphasise that foreign investors will be welcome in the country. However, they point out that there are likely to be many companies applying to do business, and that the future government will therefore have plenty of choice. They are likely to exercise that choice in favour of companies free from any taint of association with SLORC.

The companies most likely to be ejected from Burma in the event of an NLD victory are the Thai logging and fishing concerns. These companies are unpopular both because of the political implications of the deal they signed with the government and because their activities are considered to be environmentally destructive.

It would be much harder for an NLD government to take action against a major US company, because this would damage Rangoon's chances of receiving much-needed economic aid. Such companies may find it more difficult to negotiate new contracts, but in practice the companies already in the country are unlikely to be ejected. However

this should not be taken for granted. Aung San Suu Kyi has a strong sense of moral rectitude, and she will not compromise lightly with political or commercial institutions associated with what she regards as an evil regime.

The NLD needs help to put pressure on SLORC to transfer power to a civilian government. Foreign companies, and their governments, are able to exercise at least a degree of influence over SLORC. NLD sources with access to the party leadership at the highest levels have pointed out that companies who use whatever influence they possess to press SLORC to hand over power will be regarded more favourably by a future NLD government.

The accession of an NLD government would immediately lead to a lifting of the current Japanese and Western aid embargos on Burma, and many of the foreign companies who now hesitate to invest in the country would try to move in. The change of political mood would in itself act as an immediate spur to economic activity.

However, it should be stressed that the new government would still face immense political and economic problems. The NLD can call on a wide pool of talent and goodwill, but many of its leaders lack administrative experience. An NLD take-over would be only the beginning.

IV - EXTERNAL PRESSURES

No external power presents a major threat to Burma's territorial integrity, but three out of the country's four neighbours exert a powerful influence over its internal political and security affairs. For potential foreign investors this influence is significant not because it implies a direct threat to their safety but because it is one of the factors determining Burma's internal political stability.

Thailand

The present regime in Rangoon has close links with Thailand, especially the Thai army. In December 1988 Thai army commander Gen Chaovalit Yongchaiyut became the first senior foreign leader to visit Rangoon after the September 1988 'coup'. Since then there have been a series of visits by leading Thai officials and, as noted above, Thai companies have profited from the opportunity to establish lucrative new commercial ventures. Chaovalit himself has resigned both from the army and from his subsequent post as Thai Defence Minister, but the close relationship between Rangoon and Bangkok has survived his political eclipse, which may in any case be temporary.

The warm relations between the two countries contrast with the historical rivalry between them. It is linked to Prime Minister Chatichai Choonhavan's ambitions of turning Thailand into the economic centre of south-east Asia. However, there is a note of ambiguity in Thai policy towards Burma. Many Thai officers and opposition politicians are still suspicious of Rangoon, and believe that Bangkok should provide more active support for the Karen and other insurgent groups. As noted above, Thailand continues to allow the Karen and other opposition groups access to the outside world via Thai territory.

Thailand's commercial concerns mean that the Bangkok government has an interest in the survival of the present regime in Rangoon. An NLD government would abolish SLORC's favoured treatment of the Thais, and, as noted above, might well cancel Thai logging contracts in Burma if only on environmental grounds. However, commercial interests would dictate a pragmatic, though not a warm relationship between the two countries.

China

After Thailand, China is Burma's closest foreign ally. In the last two years the border trade with China has expanded rapidly, and northern Burma is flooded with Chinese goods. China is one of the main sources of the government's weapons supply. It is also one of the main sources

of weaponry for the Kachins and other insurgent groups in northern Burma. The weapons are acquired on the open market in exchange for jade and, in some cases, opium. Beijing will do nothing to stop this.

India

The expansion of Chinese interests in Burma is a source of alarm to the Indian government, and New Delhi is keen to promote the cause of the NLD as a counter-balance. All India Radio is particularly outspoken in its support for the opposition - one of its Burmese-language announcers is former Prime Minister U Nu's daughter.

Several thousand refugees are reported to be living in camps along the border with India. Chin rebels are thought to have received assistance from across the Indian border either from Mizo groups (the Mizo and the Chin are ethnically related) or just possibly from the Research and Analysis Wing (RAW), India's equivalent of the CIA. Meanwhile, insurgents from the United Liberation Front of Assam (ULFA) in north-east India have been training with the National Socialist Council of Nagaland (NSCN) which operates on both sides of the Indo-Burmese border. The hill districts all along the Indian frontier are unsafe for foreign business, particularly in the north.

Bangladesh

Bangladesh is an important market for Burmese rice, when this is available, and has provided sanctuary for Muslim and other refugees from the western state of Arakan, but otherwise has little direct influence on Burma's internal affairs.

RELATIONS WITH THE WEST AND JAPAN

The United States

Burma's relations with the West and Japan have been soured by SLORC's refusal to respect the results of the 27 May national elections, and by reports of human rights abuses. Also, as noted above, the US administration is increasingly concerned at growing evidence that the Burmese government is involved in the international drugs trade. Meanwhile, Rangoon has repeatedly denounced Voice of America's coverage of Burma which it claims amounts to interference in the country's internal affairs.

On 30 July the US Congress called on President Bush to impose such sanctions on Burma as he deemed appropriate if by 1 October SLORC had not transferred power to a civilian government, lifted martial law and released political prisoners.

The administration has yet to act on this recommendation, no doubt in part because it is more preoccupied with events in the Middle East. However, the possibility of sanctions led to friction between the two governments in early October. US ambassador-designate Dan Vreeland testified before the Senate Foreign Relations Committee that he

believed sanctions against Burma were inevitable unless SLORC transferred power to the NLD. When the Burmese government heard of this, it issued a formal protest to Washington and, as a result, the US administration was forced to withdraw Vreeland's nomination.

On 6 November the Washington-based Human Rights Law Group issued a report condemning SLORC for its failure to transfer power to the new parliament and calling for foreign governments to suspend trade ties with Rangoon. In practice the impact of US trade sanctions would be limited as direct trade between the two countries amounts to only \$17m a year.

Britain and the EC Countries

Burma has strong historic links with Britain, though it decided not to join the British Commonwealth after independence. SLORC has recently asked for compensation for British 'war-crimes' in Burma during World War II. This is more an attempt to refute Western accusations of human rights abuses in contemporary Burma than a serious demand.

Perhaps the most important contemporary link with Britain is the widely respected BBC Burmese service, which is singled out for special denunciation in the government media. By the same token the British are repeatedly denounced, though usually not by name, for sending information to journalists in Bangkok. Government intelligence officers regularly harass the Burmese staff of the embassies and on 16 November military intelligence officials arrested Nita Yin Yin May, the British Embassy's information officer. Three days later she was sentenced to three years' imprisonment on unspecified criminal charges.

Britain has been co-ordinating its policy on Burma with the other members of the European Community (EC), and in September all 12 countries issued statements urging SLORC to respect the NLD's election victory and release its leaders. Canada, New Zealand, Japan and Sweden issued similar statements.

Japan

Japan has closer relations with Burma than any other industrialised nation. These go back to World War II when, as noted above, Japan trained Aung San, Ne Win and the other members of the 'Thirty Comrades' to lead the Burma Independence Army. After the war Burma sent aid to Japan in the form of much-needed rice supplies. Since then the relationship has been reversed and, until the 1988 'coup', Japan was the country's largest aid donor.

Japanese aid is currently suspended, but several Japanese companies are doing business in Burma and in late July Tokyo gave Burma a debt relief grant of 3.5bn yen. The debt relief grant was much criticised in Burmese opposition circles who felt that it implied a compromise with SLORC.

The Japanese government's official position is that Tokyo will not resume full economic aid until a genuine democratically-elected government emerges. Japanese MP Michio Watanabe will have reaffirmed this message when he visited Rangoon in August 1990. During the visit he is reported to have pressed for the release of Aung San Suu Kyi.

STABILITY AND SECURITY IN BURMA (MYANMAR)
1991-1993
A CRIS SPECIAL REPORT

V - THE OUTLOOK FOR STABILITY AND SECURITY 1991-1993

SCENARIO I - CONTINUATION OF THE PRESENT MILITARY LEADERSHIP

In the immediate future this is the most likely scenario. The government has already instituted a tough crackdown. The main question is whether this will work, and if so for how long.

If this scenario is to continue it is essential that:

- SLORC retains the loyalty and support of the entire army.
- The government crackdown succeeds in intimidating the opposition.
- Ne Win remains alive.

Factors which favour this scenario include:

- The memory of the 1988 massacres, which helps deter would-be anti-government protesters.
- SLORC's intelligence network, which closely monitors potential dissidents both in the armed forces and outside.
- SLORC's determination to prevent Aung San Suu Kyi coming to power.

Factors which oppose this scenario include:

- The NLD's election victory, which has destroyed SLORC's political credibility.
- Support for the NLD in the lower ranks of the army.
- Public anger at the memory of the 1988 massacres and recent military raids on Buddhist monasteries.
- Continuing economic difficulties.
- Pressure on SLORC from foreign governments.

In this scenario, the military regime continues to be successful in suppressing the opposition. In the course of 1991 it makes a show of beginning work on the new constitution, but it makes sure that progress is slow. The constitution, which is finally agreed, provides for a continuing political role for the armed forces. Fresh

parliamentary elections are held in 1992 or 1993, and this time the army makes sure that it achieves a result to its liking. The new government has a civilian facade, but behind the scenes is still dominated by the army.

The consequences of continued military dominance would be political stagnation, and at best limited economic development. However, Thai and other south-east Asian companies would continue to do business in Burma, and make handsome profits. Western governments would continue to issue protests at an official level, and there is an outside chance that they might call for some form of sanctions against Rangoon.

The civil war between Rangoon and the ethnic minority guerrilla groups would continue. This would largely be confined to the hills and jungles of eastern and northern Burma, but there would be isolated incidents in the centre of the country.

In this scenario, the memory of the 1988 massacres and the continued loyalty of the army prevents serious disturbances in central Burma in the next two years, but continued political frustration still leaves open the possibility of an eventual violent revolution.

SCENARIO II - VIOLENT CONFRONTATION

In this scenario, the government faces a violent confrontation with the opposition and possibly a dissident faction of the armed forces.

The risk of violent disturbances in the next two years will increase sharply if:

- Aung San Suu Kyi is killed or injured.
- Ne Win's demise leads to a struggle for power between rival factions in the armed forces.

However, it should be noted that a comparatively 'trivial' incident - such as the shooting of a monk - also could trigger off major disturbances.

Factors which favour the violent confrontation scenario include:

- Public anger and frustration at SLORC's refusal to call the national assembly or negotiate with the NLD.
- The growing belief among younger opposition activists that the armed struggle is the only way to remove an unjust regime.
- Latent support for the NLD in the armed forces, and near-certainty of a damaging power struggle if Ne Win goes.
- The KNU/ABSDF underground in Rangoon.

Factors which oppose this scenario include:

- The memory of the 1988 massacres, which will inhibit public protests. Nobody wants to be the first to be shot.
- The current lack of clear leadership in the opposition.
- Doubts among the military leadership as to the loyalty of government troops if they are repeatedly ordered to open fire on civilians.

The outcome of violent confrontation could have several different results:

- SLORC may succeed in repressing large-scale violent protests, as it did in 1988. In that case the result would be a return to the economic and political stagnation of Scenario I.
- Troops may refuse repeatedly to open fire on civilians. A military mutiny could lead to the fall of SLORC and an eventual takeover by the NLD as in Scenario III.
- If the army is split, the outcome could be a Burman civil war (there is already a civil war between the Burmans and the minorities). Civil war could take months if not years to resolve.

Violent confrontation would involve obvious security risks for US companies. None of the contending parties would target US companies directly, but they could be caught up in the fighting accidentally. The long-term consequences would depend on the outcome.

SCENARIO III - NEGOTIATED TRANSFER OF POWER TO THE NLD

This scenario is no longer plausible under the present leadership. If it is to take place it is essential that:

- There is a change of leadership at the highest level. This would include the removal of both Saw Maung, Khin Nyunt and Ne Win.

Factors which favour this scenario include:

- The NLD's overwhelming election victory.
- The possible belief among senior army officers that they can best protect their interests by coming to an accommodation with the NLD.
- Political pressure from foreign governments.
- Continuing economic difficulties.

Factors which oppose this scenario include:

- SLORC's determination to hold on to power for as long as possible.
- Ne Win's apparent good health and personal hostility to Aung San Suu Kyi.
- Military loyalty to Ne Win.
- The army's fears that it would lose its special privileges, and that certain officers might face prosecution, if the NLD came to power.
- The NLD's failure effectively to confront SLORC has undermined its credibility.

This scenario is conceivable if there is a genuine coup, possibly sparked off by street disturbances, to replace the present military leadership. The new army leaders might then negotiate with the NLD, convene the National Assembly, and transfer power to a civilian government.

A transfer of power to the NLD would be the most favourable scenario because it would offer the highest chance of a genuine national consensus. This would be difficult but not impossible to achieve. Aung San Suu Kyi is prepared to come to an accommodation with the army (she points out that her father founded it), provided that it accepts the principle of civilian pre-eminence. It is in the army's institutional interests to recognise the pressure for political change: this would restore its reputation, and remove the threat of civil war. However, there is no sign that the present leadership accepts this analysis.

This scenario would favour foreign companies because greater political consensus would offer the best environment for commercial development. However, the experience of the Philippines since President 'Cory' Aquino's accession in 1986 dictates a strong note of caution. As in the Philippines, an NLD takeover would bring a widespread sense of euphoria, but this would not last. Whatever happens, the army will continue to exercise a powerful political influence. Burma's newly re-established institutions would still be weak, and the new leaders inexperienced and prone to infighting.

OUTLOOK AND IMPLICATIONS FOR US BUSINESS

The continuation of the present military regime in one guise or another is the most likely scenario between now and 1993. However, the regime's political isolation leaves open the possibility of sudden explosions of popular unrest, possibly in the next two years and



THE U.S. COMMITTEE FOR REFUGEES

REPRINT

A Bloody Year in Burma Court Robinson

It began with a simple disagreement in a Rangoon teahouse. The argument turned violent, and the fight spilled into the street. Somehow, when police intervened, a 32-year-old student was killed. On March 17, 1988, his cremation sparked city-wide protests, and more than 30 people died as riot police and army troops moved in to stop the looting and burning.

Students took to the streets of the Burmese capital in anti-government protests again in June, and at least ten died, dozens were injured, and hundreds were arrested. This time, the unrest spread to other major cities as well. Then on July 23, after 26 years of authoritarian rule that had taken Burma from prosperity to international isolation and economic collapse, Ne Win resigned and called for a voter's referendum in September on one-party rule.

Once a leading exporter of rice, Burma now ranks among the world's ten poorest nations, with per-capita income less than \$200 per year, and a foreign debt of more than \$3 billion.

Despite a declaration of martial law, more than 100,000 people marched in Rangoon on August 8, calling for an end to government repression, restoration of a multi-party system, and fundamental economic reforms. They were answered with still more brutal repression. In the next four days, between 1,000 and 3,000 people died, as government troops fired indiscriminately into crowds in Rangoon, Mandalay, and Sagaing.

A nervous calm returned briefly to Burma in late August, as a second caretaker government replaced the short-lived first one and martial law was lifted. On August 23, nearly half-a-million people demonstrated, peacefully this time, in Rangoon and other towns.

Then the axe fell again. On September 18, General Saw Maung led a military takeover, removing civilian leadership in the government and declaring a ban on street demonstrations. Thousands defied the ban and, in the bloody crackdown that followed, at least

500 died and 2,000 people were arrested.

On September 20, about 250 Burmese students fled across the Thai border into the town of Mae Sot. That same day, Thai Foreign Minister Sitthi Savetsila said that the Burmese would be granted temporary asylum. "We cannot send them back right now because they would be killed," he said.

Three days later, the United States suspended all aid to Burma, totalling \$12.3 million. West Germany cut off \$100 million in aid; and Japan went still further, suspending \$300 million and withholding recognition of the new government, pending a commitment to hold free and fair elections.

By early October, more than 500 Burmese refugees were in Thailand, and another 5,000 to 10,000 students were on the border, most of them in territory held by the Karen, an ethnic minority group that has waged a forty-year civil war with Rangoon. Some went there to avoid arrest and persecution; others came to join forces with the Karen military effort.

The arrests and killings continued in Rangoon, and the post-takeover death toll climbed above 1,000, according to foreign diplomats in the country. A leading Burmese dissident in Thailand recited this litany of abuses by the Saw Maung regime:

There are credible reports that a crematorium has been built—and is operating—at Insein jail. Bodies have been seen floating down the river through Rangoon. Young people are being picked up on the streets of Rangoon and sent to the front to serve as porters and human mine-sweeps for the military. . . All schools are closed. . . Gatherings of more than four are illegal. . . A strict curfew is enforced.

As Burmese refugees continued to flee into Thailand, some local immigration officials detained them as illegal immigrants and even pushed them back across the border into Karen territory. Up to 850 people may have been sent back in October alone.

In November, some students began to drift back from the border into the cities, hungry, weary, and homesick for their families. Al-

though the government had offered an amnesty for the returnees, there were reports of arrests, disappearances, even beheadings.

Amidst a storm of local and international protest, Thailand's commander of the armed forces, General Chaovalit Yongchaiyut, became the first foreign dignitary to visit Saw Maung. Upon his return home, Chaovalit announced that Thailand and Burma had agreed to open a repatriation center in Tak Province, to facilitate the return of Burmese students from Thailand.

Jointly staffed by the Thai and Burmese Red Cross, the camp was operational by December 21; less than one week later, 80 students were returned on two Burmese Air Force planes. By the middle of January, more than 200 students had gone back to Burma via the repatriation program. Amnesty International accused Thailand of forcibly repatriating at least 22 of the students, and reported that one student in the first group of returnees had disappeared.

Conditions on the border grow ever more precarious for the estimated 6,500 students there at the turn of the new year. Up to 170 have already died from malaria. Dysentery and diarrhea also pose serious problems, and medical supplies are scarce. Nutrition and sanitation are poor, shelter and clothing are inadequate, and relief assistance has been sporadic at best.

For the time being, the Burmese students at the border and inside Thailand have strong reason to fear persecution at the hands of the Saw Maung regime. The U.S. Committee for Refugees wrote the Thai government urging that they declare a moratorium on any further repatriations, unless international monitoring is available to ensure that all returns are voluntary. USCR also called for a coordinated relief effort—involving Thai, expatriate Burmese, and/or international groups—to provide needed aid along the border.

*Photo of Burmese civilians in Thailand.
Photo credit: Wide World Photos*

World Refugee Survey--1988 In Review

Reprint from the World Refugee Survey--1988 In Review.

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Crisis in Asylum: Burmese Refugees in Thailand

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Summary: When the Chinese army moved into Tiananmen Square in the summer of 1989, killing student and working class demonstrators and crushing the incipient pro-democracy movement, most governments protested, or maintained embarrassed silence. Burma's generals applauded. "We sympathize with the People's Republic of China," said the Burmese chief of military intelligence, Khin Nyunt, in its handling of "disturbances which were similar to those in Burma."

Two years ago, on September 18, 1988, the Burmese army was called in to suppress pro-democracy demonstrations that had brought hundreds of thousands of people onto the streets, protesting 26 years of military dictatorship under Gen. Ne Win, whose "Burmese Way to Socialism" had isolated, impoverished and brutalized the once prosperous country. More than 3,000 people, many of them high school and university students, were killed in the crackdown, and thousands more were jailed and tortured.

In the aftermath, nearly 7,500 students fled to the Thai border, where they sought sanctuary and common cause with ethnic minority insurgent

the Karen, Mon, Karenni and others--engaged in their own long struggle for self-determination.

Burmese refugees in Thailand now number more than 41,000 as a result of a fierce offensive launched in late 1989 by the Burmese army against ethnic minority groups and pro-democracy students along the Thai-Burmese border.

Humanitarian aid and asylum on the Thai side are precarious at best. Since September 1988, Thai authorities have repatriated more than 4,300 Burmese, many of them students, exposing them to considerable danger. Some have been arrested, tortured, even killed upon their return. Deportation of Burmese asylum seekers in Thailand remains a very real threat.

On June 7, 1990, Thai authorities rounded up more than 1,100 Burmese living in the vicinity of Mae Sot and forced them back to the Burmese army-controlled town of Myawaddy. About 300 fled back into Thailand. An undetermined number of others were detained at schools and monasteries in Myawaddy or forced into portage for the Burmese army.

The Thai cabinet has approved a policy that would place Burmese students in Thailand in "safe zones" along the border. It is not yet clear when, or even if, such a policy will come about. The problem for Thailand is generating international funds for such a proposal. From the perspective of the students, private relief groups and, at least to some degree, foreign donors and the UN High Commissioner for Refugees (UNHCR), the problem is that Thailand has shown little interest in providing people in these "safe zones" with any clear status or international protection.

The victory of the National League for Democracy in the May 27 elections holds out increasingly slender hopes that Burmese asylum seekers in Thailand will be able to go home in safety and in peace. The military still runs the country and still wages war on the border with the students and ethnic minorities. And Burmese refugees in Thailand still need temporary asylum and humanitarian aid.

Current Situation: Most of the 41,000 Burmese refugees who have crossed into Thailand, in flight from widespread human rights abuse and Burmese army attack, are ethnic minority peoples--the Karen, Mon, and Karenni. In an effort to weed out the insurgents and punish sympathizers, over the years the Burmese army has razed countless villages, looting property, destroying crops, raping, torturing, killing, or carrying off villagers to serve as munitions porters and human minesweepers.

Since 1984, Thai authorities have permitted some Karen refugees to live in camps just inside Thailand, along the border north of Mae Sot. Totalling about 20,000 in late 1989, Karen refugee numbers have grown to at least 27,000 since the beginning of the year. Mon refugees number about 7,000 in the vicinity of Sangklaburi, and in the far north, about 2,700 Karenni live in four camps outside of Mae Hong Son.

In addition to the ethnic minority refugees in Thailand, even larger numbers have been displaced inside Burma, including at least 32,000 Karen, 20,000 Karenni, and 6,000 Mon. Farther to the north, tens of thousands of Kachin are internally displaced and about 5,000 are refugees in China.

Humanitarian assistance to the ethnic minorities and to the students in Thailand might best be described as marginal. A network of private relief agencies has been serving the minority camps and, more recently, the students. The agencies have a limited mandate to serve the old Karen camps but no mandate to serve the new arrivals. "What we are doing," one relief official told me, "is, strictly speaking, illegal."

By January 1989, the students numbered about 7,500 living in ten jungle camps stretched along hundreds of miles of mountainous borderline. When I first visited those camps in July 1989, they were very spartan places, but I was impressed by the students' industry and high morale in a forbidding and alien environment. Despite the endemic malaria, insufficient food and

medicine, and ever-present threat of Burmese army attack, the students had fashioned barracks, clinics, even a "Jungle University" out of bamboo and thatch.

When I returned in April, most of the student camps inside Burma had been overrun by the Burmese army--Thay Baw Bo, Three Pagodas Pass, Moe Taung--and the students has scattered. Many have stayed inside Burma, to carry on political organizing or to fight alongside the minority insurgents. Perhaps 3,000 or so are now inside Thailand, some in camps along the border or in Thai border towns. About 2,000 are in Bangkok, where they have fled for safety, assistance, or relief from the rigors of life in the jungle camps.

Asylum on the Thai side is precarious at best. All Burmese who are in Thailand without proper travel documents are considered illegal immigrants subject to arrest, detention, fines, and deportation. Since 1988, Thai authorities have repatriated more than 4,300 Burmese, most of them students. On May 4, Thai authorities removed 65 Burmese from Suan Phlu Immigration Detention Center in Bangkok and transported them to Ranong. In the group were 37 students, of whom 33 were registered with the UN High Commissioner for Refugees (UNHCR).

Thai authorities in Ranong put the group on commercial fishing vessels bound for the Burmese port of Victoria Point, where an army garrison in posted. But the students managed to bribe or beg their way back to Ranong where most are in hiding. Four students were arrested trying to get back to Bangkok.

I visited those students in Suan Phlu only two days before they were taken to Ranong. Most had been detained for more than 80 days in fetid, sweltering, airless rooms holding as many as 200 other men. The ones I spoke with expressed concern about their imminent transfer to Ranong. "We have no guarantee of safety," one told me. Another student, Aung Lwin, had been

living in border camps or in Mae Sot since September 1988. He came to Bangkok "to take refuge" in November 1989. He approached UNHCR for an interview in order to receive a cash grant (ranging from 1,000 to 3,000 Baht, or \$40 to \$120, per month) for assistance and, if his case was approved, a letter stating that the bearer was a "person of concern to UNHCR."

Backlogs delayed his interview until January 30. He did not find out until after he was arrested on February 10 that UNHCR had approved his application. Aung Lwin said he hated being in jail but, "it is safer in Bangkok than on the border."

Still more recently, on June 7, Thai border patrol police and army units rounded up more than 1,100 Burmese living in the vicinity of Mae Sot and forced them back to the Burmese army-controlled town of Myawaddy. A Burmese officer later confirmed that 766 returnees had been detained for interrogation. About 300 fled back into Thailand, where some gave reports that at least four Karen women had been raped, twelve people had been imprisoned, and dozens of men had been forced into portage for the Burmese army.

A Thai army colonel told journalists on June 6 that another 10,000 Burmese in Tak province would be repatriated soon, and was quoted as saying that the "situation in Burma is favorable for them to go back now."

In early July, Thai authorities repatriated a group of 34 Burmese students at the Suan Phung checkpoint in Ratburi province. Twenty nine of the students had been on a hunger strike in Suan Phlu, protesting jail conditions and indefinite detention. When several human rights groups, including USCR, joined in the appeal for the students' release, Thai authorities complied, but then closed off all international access to Suan Phlu.

On August 10, Bangkok Metropolitan Police arrested 93 Burmese, most of whom were holding UNHCR letters of concern. One week later, a group of Burmese students living in the Hua Mark area east of Bangkok were attacked by

ght Thai men described later by police as "hippie types." One student was feared dead after being stabbed with a broken bottle, and several more were injured in the attack. Around the same time, UNHCR officials confirmed that, following directives from the Thai government, UNHCR would no longer issue or renew letters of concern. An estimated 800 students in Bangkok have been issued UNHCR letters.

The Thai cabinet recently approved a proposal by the Ministry of Interior (MOI) to place Burmese students in designated "safe zones" along the border, where they would receive relief aid and assurances of nonrepatriation. In exchange, the students would be required to move out of Bangkok and curtail their political activities.

The students, on the other hand, are fearful of being returned to the border and skeptical of any Thai promises on repatriation. Over a period of several months in late 1988 and early 1989, the Thai army sent home more than 350 students via the Tak Repatriation Center on the border--some of whom were jailed or disappeared--and the memory still haunts the Burmese refugees.

On September 24, more than 450 students in Bangkok signed petition letters to the Thai government and to UNHCR, asking to remain temporarily in Bangkok. "In view of the Burmese military junta's ongoing clampdown on dissidents," the letter to UNHCR said, "we realize that our lives will be at risk on the border." The students cited the possibility of a Burmese army attack as well as the prevalence of malaria. In their letter to Thailand's Prime Minister Chatichai Choonhavan, the students pointed out that in order to receive a UNHCR letter of concern, they had signed statements that they would not "initiate, engage or participate in any activity detrimental to the Kingdom of Thailand."

The dilemma, as one refugee official described it to the Christian Science Monitor, is that the numbers of Burmese students "have grown, their visibility

s grown, and the uneasiness of the Thais has grown. The situation is deteriorating, because they can't be on the border and they can't be in Bangkok."

Meanwhile, inside Burma, the pictures looks ever more bleak. Following the overwhelming victory of the National League for Democracy over the National Unity Party in the May 27 elections, the military regime conceded defeat but has been backsliding ever since. The ruling State Law and Order Restoration Council (SLORC) has yet to announce a timetable for the transfer of power and has suggested that the national assembly may be allowed to convene only to ratify a constitution and schedule new elections.

On August 8, Burmese security forces opened fire on a crowd of 5,000 demonstrators marching peacefully in Mandalay. At least four people were killed, including two Buddhist monks and two students. Then in early September, the regime arrested six more top members of the NLD, including acting leader, Kyi Maung. More demonstrations, and more violence, are likely to result. Martial law remains in effect, the Burmese army has grown in size from 186,000 in 1988 to 230,000 at present, and substantial arms shipments are flowing in from China. SLORC, it appears, has every intention of stealing back the elections.

Conclusion and Recommendations: In light of policies and practices that can only be called regressive on the part of the Burmese regime and reactionary on the part of Thailand, the U.S. Committee for Refugees makes the following recommendations regarding Burmese asylum seekers in Thailand:

1) Thailand should declare a moratorium on the repatriation of Burmese asylum seekers, whether they are students, ethnic minorities, or others with a well-founded fear of persecution, and, instead, provide temporary asylum. UNHCR should be permitted to resume issuing letters of concern to qualified Burmese asylum seekers.

Although Thailand is not signatory to the UN Convention and Protocol

relating to the Status of Refugees, nevertheless, Ministry of Interior regulations concerning displaced persons from neighboring countries recognize a phu opayop, literally "one who flees," as someone "who escapes from dangers due to an uprising, fighting, or war, and enters in breach of the Immigration Act." Although a phu opayop is, therefore, in principle still an illegal immigrant, the designation has been used to accommodate certain groups of Indochinese for purposes of temporary asylum. It seems fitting to include Burmese asylum seekers--ethnic minorities, students, and others with a well-founded fear of persecution--in such a classification and to temporarily waive enforcement of immigration laws.

The farthest that Thai authorities appear to have gone in this direction is to delineate three types of Burmese in Thailand: those who entered the country before March 9, 1976; those who entered after that date; and Burmese students. Burmese who entered Thailand prior to March 1976 (a date with some relevance to Indochina but none to Burma) are considered refugees, according to a Thai army spokesman. Those who entered after that date are considered illegal immigrants. One is left to surmise that Burmese students are not considered refugees but are to be treated somewhat differently from rank-and-file illegal immigrants.

2) The Thai government should provide humanitarian organizations with a clear mandate to serve Burmese refugees forced into Thailand by war and persecution. The UNHCR and the International Committee of the Red Cross (ICRC) should be permitted to maintain a presence on the border, in order to supplement emergency assistance and to provide a vital measure of international protection.

An international presence should be established on the border, whether or not any "safe zones" policy is implemented, in order to enhance both protection and emergency aid. Foreign governments, as well as UNHCR and ICRC, should withhold any support for a "safe zones" policy unless and until there are clear commitments that Thai guarantees of nonrepatriation can be verified with international monitoring.

In 1990, the United States gave \$250,000 in humanitarian aid to students and ethnic minority groups in Thailand and the same amount has been earmarked for 1991. In July, Canada gave \$100,000 to UNHCR for Burmese refugees in Thailand, and Scandinavian governments have contributed generous amounts in the last five years to aid the Karen and other minorities.

Working in conjunction with UNHCR and ICRC, these donor governments should try to persuade Thailand that international funding of Burmese refugees must carry with it an opportunity to provide a meaningful level of protection and sustained assistance.

3) International economic and diplomatic sanctions should be stepped up against Burma until the military regime fully relinquishes power.

On July 30, the U.S. Congress approved a bill sponsored by Sen. Daniel Patrick Moynihan (D-N.Y.) which would require President Bush to impose economic sanctions on Burma unless he determines that, by October 1, Burma has met four conditions: cooperation in anti-narcotics efforts, transfer of power to a civilian government, the end of martial law, and the release of political prisoners. The Bush Administration has opposed a full trade embargo against Burma but appears willing to consider more limited sanctions, possibly including punitive duties or import controls on certain products such as timber and fish.

The European parliament has also endorsed a temporary ban on Burmese imports, but in an October 11 article for the Far Eastern Economic Review, Bertil Lintner notes that Western economic sanctions are likely to be only "symbolic gestures" since the bulk of Burma's foreign trade is with China--roughly \$1.5 billion per year. Lintner seems equally pessimistic that possible challenges to SLORC's credentials at the United Nations or the International Court of Justice would have any dramatic impact on the current regime's policies.

Still, the next few months may prove pivotal for the course of democracy

Burma. The world, and especially the United States and Thailand, should press harder for the political changes that the Burmese people have overwhelmingly endorsed. But in the wake of the May elections, Thai policy towards Burma seems based almost exclusively on the aggressive pursuit of short-term profits derived from sweetheart deals between Burmese generals and Thai businessmen (some of whom are also generals) to import Burmese teak logs, gems, and fish.

That may make good business sense, but it makes for shortsighted foreign policy. If Thailand really wants to promote democracy in Burma, it should recognize and support the newly elected government, it should draw a distinction between fair trade and plunder, and it should show more compassion for the refugees, some of whom may be Burma's leaders one day, who now seek sanctuary on Thailand's soil.

Rough Draft Oil Notes II

(very rough & unedited)

document presupposes a rudimentary understanding of the situation in Burma itself, and of the dynamics and constraints of oil companies and other relevant principals.

PACKAGE ONE

cent conversations with AMOCO, it is clear that of paramount concern, and wisely so, is the security of AMOCO personell in Burma.

SE:

instruct a security apparatus and enforce its operation to in-
st supplement the security of AMOCO personell. This is
PACKAGE ONE. It does not cover POLITICAL aspects of risk in doing
business with the regime. Under the aegis of this package the
effect of political risk may be addressed from time to time.

PACKAGE ONE does not protect AMOCO from abrogation of contract in
event of a change of government.

the event oil comes on line prior to a change of government,
PACKAGE ONE shall not cover sabotage to extraction hardware. It
is not tolerable that oil shall remunerate SLORC.

AMOCO will issue yellow armbands to AMOCO personell which are to
be worn at all times for identification purposes.

KIO and their proxies shall not initiate hostilities aimed
at AMOCO personell.

KIO shall be held harmless of injury to AMOCO personell
which may occur during the vagaries of normal warfare or chance
engagement of the KIO versus AMOCO'S Burma Army escorts.

Pan-Burmese general prohibition against harm will be issued
through channels deemed appropriate by Pittaway brothers.

Such prohibition shall take the form of an extremely discreet
arts-and-minds campaign among the general populace in the
exploration region. Stated simply, the population will be
informed by persons of credibility as opposed to persons of no
credibility, that AMOCO personell, despite the dubious company
they keep, are "Good".

Cost of service: US \$100,000.00

Vehicle for fund disbursement: To be negotiated.

Very sensitive

PACKAGE TWO

PURPOSE:

To establish a vehicle which in effect guarantees AMOCO's concessions will remain intact subsequent to a change of government in Burma. This vehicle would also take measures to thwart, blunt, redirect or eliminate entirely points of threat that we identify as injurious or potentially injurious to AMOCO's personell security and world image as a publicly traded corporation.

PACKAGE TWO will engender the establishment of a discreet if not utterly secret vehicle to reliably deliver funds in a verifiable manner. The goal is to creatively assist AMOCO corporation through the difficult period of Burma's transition from a dictatorship to a democracy, whilst assuring AMOCO's oil concession agreements remain intact subsequent to a change in government, or reasonably intact.

VEHICLE OPTIONS

The office

Subdivision of concession area

Secret holding company

PACKAGE ONE is included in PACKAGE TWO.

*All principals are aware of the need for utmost secrecy in the event that the principals proceed with arrangements to provide both physical political and public awareness/ relations security for AMOCO and their interests.

*In view of the fact that all opposition groups take at this juncture a hardline stance towards abrogation of oil concession contracts signed with the current regime, a principle goal would be to in effect, insure AMOCO of a favorable outcome when/if these contracts are put under scrutiny by the new government.

* The current regime shall attempt to coerce certain pre-conditions from the elected pariliament prior to meaningful or even meaningless dialogue. Among these conditions shall be an agreement not to abrogate business deals made during SLORC tenure, should power be transferred. Since these preconditions are made and may be agreed to under duress, there is some question as to whether these agreements will be considered binding by a

forthcoming parliament.

*Providing help to AMOCO is in no way synonymous with providing help to other oil companies operating in Burma, and may in fact, preclude our assistance to certain other oil companies. This is because part of our service MAY involve channelling of opposition elements energies away from harassment of AMOCO itself, whilst redirecting these energies towards harassing other oil companies. This cannot be helped.

*In the initiation of any of these options, it is recommended that a cutout whiter than white entity be established, to provide adequate prophylactic to thwart regime discovery of AMOCO co-operation with the opposition.

*This entity would essentially hold funds offshore for disbursal in substantial part to the KIO. The KIO would in turn channel monies from this entity to the elected parliament, mainly to defray the costs parliament incurs avoiding the travails of regime harassment. Receipts shall be provided AMOCO insofar as practical.

*It is probable that in the course of disbursal, the KIO may decline to inform the NLD where these funds are coming from. This is due to security constraints for AMOCO, in the event that the NLD should unwittingly leak this information for reasons running from overexcitement to duress under torture.

*We have more than one channel for accessing parliament at this time. These channels are effectively standalone, and a compromise of one does not mean the breach of another, as each channel is discrete, known of on a need-to-know basis. The origin of funds which may be disbursed might only be revealed during the course of dispute arbitration.

* The opposition has security concerns as well as AMOCO. It may occur that there are germane factors relating to security for AMOCO that may have to be described in general terms only (such as advising AMOCO not to operate in a specific area at a given time, while not giving away KIA troop positions. While AMOCO is in close contact with SLORC, they are considered a high security risk.

* AMOCO may need to pass certain "guideposts" in some cases, without being informed exactly what those are. AMOCO may suggest to us certain courses of action which they intend to take and ask our advice. Occasionally, our response will be limited to a yes/no, pass/fail, redlight /greenlight.

*It will be understood that should a leak occur, and AMOCO is ejected by the regime, they will be welcomed back into the concession area subsequent to a change of government and negotiations of the principals.

The need for secrecy highlights a vexatious difficulty, and one which can only be overcome by extremely discreet manipulation of events, tendencies, and courses of action of those who would pose a threat to AMOCO interests.

1. AMOCO needs to be taken off the hitlist of the sixteen points of threat, at the same time;
2. None or practically none of the threat points are to know that this is being done at AMOCO'S behest.

It should be understood that by entering into an arrangement with AMOCO or any of the other concession holders, we curtail, dilute the effectiveness of, or circumscribe certain options we might otherwise exercise, options that would in all likelihood, accelerate the fall of the regime. This is a delicate matter, and one that cannot be taken lightly. By utilising our offices as a vehicle for keeping AMOCO in instead of throwing AMOCO out we risk our future in post regime Burma, and expect to be compensated.

It should be noted that every institution of significance save SLORC itself is in revolt in Burma. This is the reason for the bewildering numbers of potential problems for AMOCO. Our prime directive should we enter into agreement, will be to forestall the trend of these institutions towards regarding AMOCO as synonymous with SLORC.

*The KIO

*The parliament (NLD)

*Pittaway/ Boca axis

*AMOCO

THE POINTS OF THREAT

The following is a list of entities that pose a threat to AMOCO'S near and long term interests in Burma, either in the areas of physical security, legal security, or public awareness. Most of the entities below are either influenced by or are dependent upon Pittaway Bros. to the extent that we can be effective in neutralizing these entities as a threat.

1. The KIO
2. The NLD/ Parliament
3. Fifth columnists, saboteurs
4. Acts of Governmental bodies

5. NGO's
6. Nagas
7. Civilian population, and the vagaries of civil anger
8. Public interest groups
9. Lawyers, and potential legal action
10. The Monks
11. Research and Analysis Wing (India's security apparatus)
12. ABSDF
13. Radicalized foreign environmentalists
14. The press
15. SLORC
16. Unplanned, or accidental troop engagement

Each of the above requires separate attention and pressures must be applied in the correct manner and in the proper sequence. Neutralising each of the above incurs cost. Therefore, each neutralising action for each entity might be billed separately. We can recommend which are of greatest importance and assign a dollar value as negotiations develop.

Reasons why the KIO favors accommodation as opposed to confrontation with AMOCO:

- 1) Loss of exploration intelligence
- 2) AMOCO is an American company

1) The KIO realizes that oil companies such as AMOCO are mandated to explore for and extract resources for profit regardless of the state of internal affairs in Burma, and that these operations show promise of actual oil extraction in the near term. will likely intensify. Since the pursuit of policies conducive to a lessening of civil strife fall outside the purview of oil companies the KIO/DAB identified the requirement for an apparatus whose organizational structure accommodates the business methodologies employed by the oil companies for the purpose of negotiating claim on a portion of this oil, which they regard as part of their resource heritage.

2) The DAB realizes that even given internal peace, oil companies will play a significant role in Burma into the foreseeable future.

3) The DAB believes that Oil companies must sense that the mid-to-long (probably near) term power equation in Burma is unpredictable, and that it is conceivable that persons with whom they establish rapport today could be gone tomorrow.

4) The DAB knows that should a true shakeout occur, a federal system would emerge, providing significant constitutional and economic autonomy to the ethnic areas where oil is found, and that;

5) Hegemony over certain oil rich regions will lawfully devolve, in large measure, upon the offices of the KIO and those who control the DAB. This is not mere conjecture, it is a thoroughly well understood precondition for the renunciation of successionist doctrines by the ethnic power structures, and the cessation of hostilities in the forty year civil war.

6) The ethnic leaders possess inherent yet untapped potential for supplementation of exploration operations because, as a rule, they enjoy popular mandates in areas of their administration, having earned these mandates through the exercise of policies in consonance with the lay of the land and the will of the people; conversely;

7) The KIO/DAB knows that the projection of exploration operations as well as the necessary security/intelligence/ threat suppression programs from an exclusively Burmo-centric power base effectively rules out exploration in approximately one-third of the area AMOCO has contracted for. is not effective now, nor is it likely to be effective in the future, regardless of the political climate.

The longitude designation on the map itself is inaccurate. It is important to understand that the concession area's eastern border runs approx. along 96 degrees longitude. 96 degrees happens to be very close to the POLITICAL border of Kachin state. It is not, necessarily the real border. This is very sensitive information, and should be treated as such, but an agreement has been reached in principle between the NLD and the KIO that The KIO will administer the entire AMOCO concession area after the fall of the regime. This is a practical matter, a function of geography, military hegemony, and happens to be the wish of the tribes living in the concession area. I have strong reason to believe it is also the wish of the Indian government, whose Foreign Minister we are in secondary touch with. Again, this is very sensitive information and if the regime finds out, or if AMOCO asks them to look into this matter, they may terminate Aung San Suu Kyi.

I. THE KIO

The KIO, despite assurances no doubt to the contrary from the Rangoon government, can probably overrun AMOCO operations at any time.

1) Brang Seng, Chairman of the KIO feels pressure from the field to do exactly that. Brang Seng, a world class and extremely charismatic leader, is resistant to this pressure. He intuitively senses that in the end, such action would be counterproductive. However, the longer there is an absence of discreet dialogue between us and AMOCO, the more this pressure builds. There is ample argument to indicate that overrunning AMOCO would be a smart move for the KIO. It would put to rest the mistaken assumption that Rangoon holds this section of the country inviolably, prove it to the world, cause AMOCO to quit the country, which in the absence of gentlemanly negotiation, is exactly what everyone wants. A Soviet mining team entered negotiations several years back with Rangoon to exploit an area in which Rangoon guaranteed security. The Soviets were immediately overrun by the Karenni rebels, and vacated the country.

2) If violence erupts in urban Burma, as it surely will, troops will be needed to shoot the people in the cities, and AMOCO employees and sub-contractors will be extremely vulnerable, as part of their praetorian guard will presumably be occupied elsewhere. To make matters worse, the AMOCO employees would be strongly advised to stay out of the "protected" urban areas during such violence, since big oil has thousands of enemies in these areas, many trained as fifth columnists. The people may smile at them today, but watch out for tomorrow if the people sense they are gaining the upper hand and the mob rules. Ergo, oil employees may have no place to go save being choppered to the nearest country if they are not careful. I don't doubt that there are contract pilots who are veterans of IRAN '79 who can describe what can and does go wrong in these situations, when the only law is Murphy's Law. Should this occur, failing evacuation, it is not inconceivable that employees may wish to seek protection with the KIO, an irony, you will agree. Such protection may or may not be afforded them as things stand now.

3) AMOCO will try to stall in beginning negotiations, stonewalling with the contention that "the time is not right" or other unacceptable platitudes. This is the precise tactic the regime uses to enslave Burma, and will be rightly interpreted as such. AMOCO, by stalling to meet us, will be designated as the regime itself, with all that that implies.

4) We may know more about where the oil is than AMOCO. It makes no sense not to deal NOW.

5) AMOCO will find the KIO to be the finest partners an oil company ever had, bar none. The stark contrast between the KIO elite and the regime will be instantly apparent to them.

II. THE OPPOSITION IN GENERAL

All groups who oppose the regime favor cancellation of oil concessions in the event of a change of government.

1) The venue for dispute arbitration shall be Rangoon. Why AMOCO and other oil companies agreed to this is a mystery, but is possibly an indicator of their eagerness to enter Burma.

2) A hedge, if performed discreetly and now, will guarantee a favorable outcome for the oil company in such disputes, at least in the case of AMOCO, because the Chairman and the NLD have arranged this. This is secret, of course.

3) We realise that AMOCO signed an agreement that they cannot have any contact at all with the opposition. Such contact is grounds for abrogation of contract by the regime. This codicil is operative only if Rangoon finds out. Please be advised that for the KIO's part, in thirty years they have never told Rangoon who they are talking to or why, and they are not about to start now.

The NLD, KIO, and the DAB agree that there should be a wholesale re-evaluation of the contracts to which those corporations currently investing in Burma are signatory. Summary abrogation of these contracts is an option often discussed, and may be initiated as conditions warrant. The operative rationale underpinning this possible course of action is the opposition contention that;

(1) By and large, the contracts are of no value to the Burmese people, and indeed, in many cases, are specifically designed to exclude the Burmese people from participation in any and all decisions affecting their own socio-economic destiny.

(2) The current investors have not invested in Burma, but in a cult of personality.

(3) The terms in the resource extraction contracts are believed to be inordinately rapacious and the rate of resource depletion is virtually unverifiable.

(4) The prospect of rescussitating goodwill or even minimal cooperation between the current investors and the powers-to-be is dim at best.

(5) Funds delivered to SLORC by the oil companies unquestionably serves to entrench dictatorship and increases rather than relieves the civil population's burden of bondage.

III. THE PORTERS

The porter issue is a sleeper, but is bound to awaken soon, and precipitate serious problems for AMOCO. You will find enclosed a porter story. There are thousands just like him, and many have escaped to the border. They are presently giving depositions to a

variety of human rights groups. Asia Watch and Amnesty International have documented many cases. Some porters (who were shanghaied AFTER the may 27 elections) have recently escaped oil concession areas and have made it to the border. The oil companies, as you know, rely on the Burma army for security. The Burma army relies on the porters. The oil companies are wittingly or unwittingly using these people as human minesweepers, etc. for operational security. The porters fit every criteria defining slave labor that can be found.

1) Oil companies, probably AMOCO included but I can't say, face the very real possibility of demonstrations against them, highlighting this and other factors. Believe me when I tell you that this story can be sensationalised to disaster proportions for AMOCO as a corporate entity, especially in this faddish era of "socially responsible investing". It has the propensity to dwarf the Exxon-Valdez scandal. I feel that AMOCO must hedge to give us the tools we require to discreetly put this one to sleep, correct this state of affairs, or else I will not be able to face myself as an american.

2) AMOCO faces the real possibility of a massive class action suit because of this, the plaintiff being the people of Burma. This is reminiscent of the Union Carbide vs. People of Bhopal suit, and may involve the same lawyers. Mere announcement of this suit might instantly jeopardise AMOCO stock trading value.

IV. THE FIGHTING MONKS OF MANDALAY

The monks unions, especially in Mandalay, have been radicalized by the abuses of the regime. The press has dubbed them as above. They are on the brink of initiating suicide as a pressure tactic. I would draw concerned persons attention back to Saigon 1963-5. Monk self-immolation was the story of the day, and it can happen again. A worst case scenario would of course be a flaming monk beneath an AMOCO logo on the CBS Evening News. I do not need to elaborate further.

In the final analysis, downstream security costs in the absence of a hedge will outstrip the cost of any hedge engineered in the nearterm. In addition, FYI AMOCO may feel uncomfortable operating in a country under US sanctions, and my best information indicates that President Bush plans to sign an import ban on Burmese products. This ban would effectively include oil if there was any on line. It is clear AMOCO faces a Congress at least cosmetically hostile to business in Burma. There are indeed many reasons why certain influential congressmen are opposed to business with Rangoon, some sensitive, and too numerous to go into here.

I hope this letter is of some help to you in our effort to bring about a solution in the best interests of AMOCO, the KIO, and the people of Burma. Please remember that the information in this

letter is extremely valuable, and as you know, I trust your intuition in this matter.

THE PRINCIPALS

BACKGROUND

The DAB, KIO and the NLD, not surprisingly, all view the fiscal incompetence and xenophobic instincts of the current regime as a prescription for perpetual national poverty and unrest, irrespective of the surface investment incentives provided by the dictatorship. Upon establishment of a lawful Democratic Federal Republic, the opposition professes a desire to embark on a path of enlightened pro-development policies consonant with the natural lay of the land and the will of the people.

All democratic entities profess a desire for membership in ASEAN, tempered with plans for Burma to avoid many of the pitfalls of breakneck industrialization that have characterized developmental dissapointment in much of the third world. In this regard, they seek development advice from private enterprise. Captains of primary development industry might be well advised to help, considering the windfall that will accrue to those who assist them now.

It is often assumed that Burma will parrot the developmental profile of Thailand. Such is the case only up to a certain point. Burma will not slavishly follow the Thai path or rely on Thailand as an exclusive ingress for technology transfer, etc., despite the fact that the Thai path is the most visible model to the opposition.

Issues such as capital repatriation, which will arise eventually, will be dealt with as negotiations develop. Business may assume that there is nothing in opposition developmental plans, at this time, to suggest that they will advocate counterproductive or restrictive fiscal policies.

BACKGROUND

As conditions, largely economic in nature, which will cause the dissolution of the ruling junta and the ascendancy of pro-democratic institutions become increasingly inevitable and apparent, The Democratic Alliance of Burma (DAB) and the National League for Democracy (NLD) seem secure in the knowledge that their constituencies of diverse, pluralistically-oriented interest groups will play a complementary role in restoring democracy and a sound fiscal base upon which the nation will eventually prosper.

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In order for commercial interests to consolidate a favorable

position in advance of a power transfer it must first understand the relationship between two principle entities - the NLD, and the DAB, between whom a degree of liason is discreetly maintained. The NLD's parliamentary mandate is indisputable, and the KIO, whose hegemony in certain areas of the country is unassailable, agree that one issue is of overriding importance; the cessation of the civil war. It is understood that there can be no meaningful economic progress without fulfillment of that prerequisite.

The ethnic members of the DAB, KIO included, conditionally renounced desire to secede from Burma, provided they are brought into the political mainstream while retaining a considerable degree of political and economic autonomy. The newly elected National Assembly is known to agree specifically with this principle. The KIO, having been in rebellion against the central government in Rangoon for forty years, holds sizable and resource-rich portions of the country under its administration. Ethnic administration policies share considerable common ground with the policies of the NLD. The KIO will be formally ceded administrative control of north Burma, including the authority to develop the region as they see fit. Again, this sub-rosa accord was reached as a condition for the cessation of the civil war.

The Alliance (DAB) is an institution unique in Burmese history, in that it is the first viable group ever to emerge composed of not only the political and military arms of the ethnic minorities, but also religious minorities, the most powerful student organizations from ethnic Burma, the largest Monk's organization, as well as key Burmese exile groups. The DAB is principally the brainchild of KIO Chairman Brang Seng.

The NLD was founded in the wake of the 1988 massacre for the purpose of providing an organized forum for national debate and to structure a political party to field pro-democratic candidates in the event of a national election. The NLD is dedicated to the dismantling of the one party military dictatorship and promulgating a constitution creating a lawful federal state with a bicameral legislature and broad autonomy for the ethnic states.

Our best information indicates that assuming Japan does not break ranks in the international isolation of the regime, SLORC will face serious, possibly untenable financial difficulties by the end of 1990. SLORC's recent entreaties with Beijing may well be the greatest blunder SLORC has yet made. Debilitation of Burma's non-alignment posture is an engraved invitation for other powers to intervene against SLORC.

COMMON POLICIES AND OBJECTIVES OF THE DAB/NLD (Charter?)

Enlightened and mutual self interest along with a desire for

national reconciliation form a basis for the certain necessarily discreet understandings already reached between the DAB and the NLT. Therefore, under the tenets of the prearranged federal system, the current leaders of the DAB will unquestionably exercise hegemony over their considerable natural resources. It is also understood that they have the authority to solicit inquiries from responsible sources of concessionary interest at this time, and in some cases, effectuate transactions in advance of the transfer of power.

PROPOSAL

Purpose: To establish a vehicle in two phases whose utility favorably positions business interests for commercial development and resource extraction opportunities in present and post-regime north Burma, in the Kachin State, and contiguous environs.

PLAN

PHASE I

Phase one shall be an initial survey period during which AMOCO will appropriate US \$100,000.00 (US one hundred thousand) to establish the Kachin Resource Information Office.

It is recommended that an escrow account be immediately established containing the \$100,000.00. These monies are to be disbursed to the KIO upon a meeting of the principals and/or their representatives, establishment of general accord, and a disclosure of relevant bona-fides. Phase One shall be considered operational upon receipt of the US \$100,000.00. It is understood that this office shall provide services of a nature generally described as "consultative". It is understood that establishment of this office will contribute to priority status in post-regime grants generally described as "concessionary" to the advantage of those who underwrite this office now. This office would provide information for Phase II.

This office would provide the following information:

- (1) Types of primary industry and resource development and extraction opportunities available in post-regime Kachinland.
- (2) Identification of those who will assume power, what their roles will be and why.
- (3) How to access those who will assume power.
- (4) A summary of those industries and resources accessible at present through the office established, and distinction drawn against those which are not, and why.
- (5) An evaluation of KIO attitudes towards those

corporations currently operating in concert with SLORC, the nature of their activities, and a projection of when their contracts will be abrogated and apportioned to new interests, or renegotiated and why.

(6) Analysis of which methods of endeavor are likely to prove the most cost-effective and stable for AMOCO, taking into account relevant conditions projected to exist in a locale-intensive geopolitical context as well as resource and manpower availability and reliability.

(7) A presentation of options and methods to be employed facilitating the near-term insertion of mutually acceptable, qualified resource survey personell for the purpose of on-site verification of resource availability and evaluation of resource extraction potential.

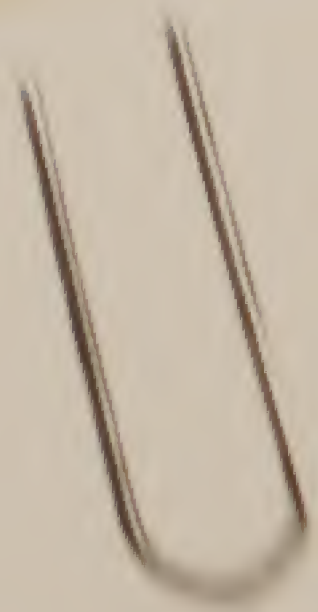
(8) An analasis describing methods and amounts for equitable distribution of resources to the benefit of all, based on projections of the state of affairs which will become law of the land, in advance of this law.

PHASE II

Phase II shall be the establishment of discreet links between AMOCO or their proxies and persons of expertise who will assume relevant authority to accomodate AMOCO specifically in Burma and areas under hegemony of the KIO itself. Phase II shall also facilitate the forging of links between corporate interests and those who will assume the mantle of general power on national and regional levels. Phase II can become operational concurrently with Phase I.

It is understood that in the course of operation of the office established in Phase I, certain valuable persons of authority will be approached and agreements likely entered into. Agreements of a business nature negotiated and entered into under the aegis of this office shall be understood as binding subsequent to a change of government in Burma. In certain cases, agreements of a business nature negotiated and entered into under the aegis of this office may be effectuated forthwith, and shall be understood as binding prior to, during, and after a change of government in Burma.

Technically, the \$100,000.00 is a token of good faith only. It does not purchase one drop of oil or one speck of gold. It CONTRIBUTES to the establishment of priority status. It does not necessarily guarantee EXCLUSIVITY. It should be understood that KIO acceptance of the 100 thousand in effect sells exclusivity of negotiation rights for a period of time- and in some cases, only for a single commodity- to be NEGOTIATED during the initial meeting of the principals. This is part of reaching a working ACCORD.



When we say phase two can become operational concurrently with phase one, we mean that if the Chairman is present at the initial meeting, likes what he sees and hears, and wants to go ahead, then elements of Phase two become operational at the same instant as phase one.

This two phase plan provides us with flexibility - it shows us who is serious, allows us a range of movement for the screening process, while preventing anyone from committing resources without the approval of the Chairman.



OFFICE OF THE PRIME MINISTER

THAILAND



BOARD OF INVESTMENT



Office of the Prime Minister
Royal Thai Government
Board of Investment

MAKE IT IN THAILAND



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manufacturing in Thailand

**ELECTRONICS
1985**

An open letter from the American Chamber of Commerce in Thailand.

The American Chamber of Commerce in Thailand continues to give high marks to Thailand's investment potential and actively encourages organizations and individuals seeking to establish operations in Southeast Asia to consider and investigate Thailand.

The American Chamber summarizes the long term outlook as follows:

The country has a broad agricultural base with room for substantial improvement in productivity and agro-industry development, relatively low labor costs but a well educated young, loyal, and mobile labor force, semi-proven prospects for significant development potential in energy resources including a wide range of minerals, a fast developing manufacturing sector, as well as undeveloped tourism potential.

Thailand has always welcomed foreign investment, but its present 5th and proposed 6th National Development Plans place greater emphasis on attracting such investments and a wide range of promotional privileges are available through the Board of Investment.

Some basic facts concerning the Thai economy illustrate its present strength and development potential. Thailand is the world's largest exporter of rice, accounting in 1984 for 37% of the world trade in rice. It is also the largest exporter of cassava (tapioca), the third largest producer of rubber, the fourth largest exporter of maize, the seventh largest marine fishing nation in the world and a major producer of tin, fluorspar and semi-precious gems.

The manufacturing sector has outgrown the long dominant agricultural sector and now accounts for over 20% of GNP and employs almost 9% of the working population. Average GNP growth for the last 20 years has been 7% in real terms, and although national policy is now designed to give up some growth in favor of stability, the Thai economy is predicted to continue to grow at approximately 5% over the next few years.

In 1984 inflation was less than 1%, and Thailand is categorized as a "preferred" international borrower by the world banking community.

In addition to those items mentioned above, significant opportunity is available due to the Eastern Seaboard Development Program, continued infrastructure development, and the recent privatization policies of the government. Thailand is one of the few developing countries which has resolved its national security problems primarily by political and economic means.

Clearly Thailand must be ranked among the most attractive possibilities for continuing and future American investment prospects.

**The Board of Governors
American Chamber of Commerce in Thailand**

Bangkok
May, 1985

Balance of payments:

Items	(Baht millions)				
	1980	1981	1982	1983	1984
Exports (fob)	132,040.5	150,218.2	157,203.4	145,076.1	174,000
Imports (cif)	-190,025.3	-216,000.1	-193,340.1	-234,313.2	244,000
Trade balance	-57,984.8	-65,781.9	-36,136.7	-89,237.1	-70,000
Net services	11,144.9	6,042.4	8,795.0	16,758.4	15,000
Unrequited transfers	4,430.5	3,690.2	4,203.5	6,376.6	5,300
Balance on goods, services and unrequited transfers	-42,409.4	-56,049.3	-23,138.2	-66,102.1	-49,000
Capital movements	50,736.6	55,130.2	38,345.2	34,497.2	57,934
Allocation of SDRs	506.4	488.0			
Recorded balance	8,833.6	-431.1	15,207.0	-31,604.9	8,234
Net error and omissions	-3,654.3	2,962.3	-11,892.7	13,526.9	2,354
Overall balance	5,179.3	2,531.2	3,314.3	-18,078.0	10,588

Selected industrial and agricultural production data:

	1980		1981		1982		1983		1984	
	Quantity	Growth rate(%)	Quantity	Growth rate(%)	Quantity	Growth rate(%)	Quantity	Growth rate(%)	Quantity	Growth rate(%)
Sugar	1,046	-41.7	1,603	53.3	2,678	67.1	2,216	-17.3	2,219	0.1
Cement	5,337	2.6	6,263	17.4	6,609	5.5	7,175	8.6	8,212	14.5
Canned pineapple	128	2.4	170	32.8	150	11.8	154	2.7	185	20.1
Canned seafood	53	9.0	60	12.8	66	9.8	70	5.3	75	7.2
Wire rods	478	-10.3	404	-13.5	361	-10.6	385	6.7	391	1.6
Automobiles	74	8.8	87	17.6	77	-11.5	107	3.9	123	15.0
Garments (million pieces)	115	21.1	140	21.7	145	3.6	165	13.8	210	27.3

	1981/82		1982/83		1983/84		1984/85	
	Quantity	Growth rate (%)	Quantity	Growth rate (%)	Quantity	Growth rate (%)	Quantity	Growth rate (%)
Rice	17,780	2.4	16,870	-5.1	18,730	11.0	18,400	-1.8
Maize	3,700	17.5	3,200	-13.5	3,880	21.3	4,600	18.6
Tapioca roots	17,400	-2.8	17,790	2.2	18,210	2.4	21,900	20.3
Sugar cane	30,264	62.3	23,916	-21.0	23,088	-3.5	24,890	7.8
Tobacco leaves	83	59.6	84	1.2	68	-19.0	67	-1.5
Mung beans	284	8.7	300	5.6	310	3.3	320	3.2
Jute	250	19.0	230	-8.0	203	-11.7	188	-7.4
Cotton	64	10.3	41	-35.9	40	-2.4	42	5.0
Sorghum	274	15.6	236	-13.9	321	36.0	323	0.6
Rubber	508	1.8	560	10.2	598	6.8	630	5.4

Source: Thai Farmers Bank

The Thai economy in brief

Poised to enter the ranks of the newly-industrialized economies, Thailand is actively pursuing foreign investment to bring emerging project opportunities on stream. The government looks to foreign investors to provide the technology, managerial skills and marketing skills which are needed to take Thailand to a new development plateau.

Thailand has much to offer the foreign investor. The country is politically stable; the economy is highly-diversified and growing rapidly (6.1% per year in the five years ending in 1984); the resource base is strong; and productive labor is available at low cost.

The economy is a mix of agriculture, manufacturing, mining and tourism. At present, Thailand is one of only five net food exporters in the world, and the only one in Asia. Although agriculture is the backbone of the economy, manufacturing GDP will reach equivalency with agriculture by 1990, putting Thailand in the ranks of the newly-industrialized economies. Manufactured exports now account for over 35% of all exports. These include processed foods, textiles and garments, electronic

components, and a wide assortment of light industries (leather products, plastic flowers, gem cutting, etc.). In the mining sector, Thailand has significant offshore and onshore reserves of natural gas and oil, and substantial mineral reserves (lignite, potash, zinc, lead, ceramics raw materials, and many others). The country is the world's third largest tin exporter and the only exporter of zinc metal in Southeast Asia.

Development of indigenous energy resources (natural gas, lignite, hydro-power) is gradually reducing Thailand's dependence on imported energy, and the development of the Eastern Seaboard (total investment US\$5 billion) will create a base for a host of new industries, including a domestic petrochemicals industry. Meanwhile, Thailand continues to enjoy a high international credit rating.

Key economic indicators:

Indicators	1983	1984	1985
GDP (% growth rate pa in real terms)	5.9	6.0	5.0-
Agriculture (% growth rate pa in real terms)	4.3	3.5	
Non-agriculture (% growth rate pa in real terms)	6.7	7.2	
Manufacturing	6.9	7.0	6.0-
Mining and quarrying	-1.4	-1.2	
Construction	4.9	2.5	
Others	6.5	8.2	
Investment (% growth pa in real terms)	7.9	6.6	
Private	7.2	6.0	
Public	9.2	7.5	
Public consumption (% growth rate pa in real terms)	5.5	4.5	
Trade balance (baht billion)	-90.1	-71.5	-6
Current account (baht billion)	-65.0	-50.0	-4
Government revenue* * (baht billion)	136.8	147.8	17
Growth rate (%)	20.0	8.2	2
Government expenditures* * (baht billion)	165.1	177.6	21
Growth rate (%)	8.5	7.6	2
Government budget deficit* * (baht billion)	28.5	29.8	3
Money supply (M1) (Dec-Dec % change pa)	4.4	6.0	
Money supply (M2) (Dec-Dec % change pa)	23.3	20.0	2
Prime rate (%), end of period			
Minimum lending rate	16.5	16.5	16.0-1
Minimum overdraft rate	16.5	16.5	16.0-1
Interbank rate (%), end of period	16.0	12.0	12.0-1
Discount rate (%), end of period			
1st tier	13.0	12.0	11.5-1
2nd tier	14.5	13.5	13.0-1
Assets of commercial banks (baht billion)	540.0	733.0* * *	91
Growth rate (%)	25.2	35.7	2
Deposits of commercial banks (baht billion)	407.6	492.1	605.3-61
Growth rate (%)	25.7	20.7	23.0-2
Loans of commercial banks (baht billion)	401.6	471.7	57
Growth rate (%)	34.0	17.4	2
Loans/deposits ratio (%)	98.5	95.8	94.3-9
Borrowing of commercial bank (baht billion)	64.6	71.4	8
Growth rate (%)	31.0	10.5	1
Number of commercial banks' branches	1,727	1,736	1,
Banks incorporated in Thailand	1,704	1,716	1,
Domestic	1,688	1,699	1,
Overseas	19	20	
Banks incorporated abroad	20	20	
Net international reserves (US\$ million)	1,593.5	1,520.0	1,75
Growth rate (%)	-33.7	-4.6	
Inflation rate (%)	3.8	0.9	5.0
Exchange rate (baht/1 US\$), end of period	23.00	27.00	27.00-28

* Forecast

* * Fiscal year

* * * Excluding Asia Trust Bank

Source: Thai Farmers Bank

Investment climate and incentives

Thai Government intervention in industry and commerce is, by international standards, minimal. The Thai economy is an open market-oriented economy. Over half of the country's gross national product is traded internationally. Government subsidy in the national economy is very low, representing less than 2 per cent of the national budget. Government has concentrated on the provision of infrastructure (such as communications, roads, dams, schools and training and research institutions) to facilitate growth of the private sector.

The Government has consistently been open in welcoming foreign investment and is now taking more concerted steps to positively attract it. The climate for joint-ventures with Thai industry is very good. The nucleus of Thai middle and senior management has expanded considerably over recent years and has become more sophisticated in modern business management, both due to the rapid industrialization of the country and the positive influence of numerous foreign firms.

Domestically controlled industry is moving from a pattern of family ownership to corporate structures and entities. It is looking to foreign firms to provide the know-how (technical, management and organisational), rather than as a source of capital. Joint-ventures with the Thai private sector provide a ready mechanism for overseas investors to enter the profitable expanding business opportunities offered by Thailand to serve local and foreign markets.

Foreign investors have the option of setting up operations in Thailand with or without Board of Investment (BOI) promotion. The advantages of BOI support are the protection provided by the Investment Act of 1977, the provision of promotional incentives (including exemption from import duties and taxes on imported machinery and equipment; corporate income tax exemptions of up to eight years; permission to bring expatriate personnel into the country; permission to own land and assistance in obtaining government approvals during start-up).

BOI is also authorized to impose import bans and import surcharges on competing imports when there is sufficient justification. Under current policy, the most generous BOI incentives are available for projects which are export-oriented, labor-intensive, resource-based and located outside of Bangkok. Companies which locate in investment promotion zones in upcountry locations qualify for additional incentives. BOI permits majority foreign ownership for promoted companies which export 50 per cent of their output and 100 per cent foreign ownership to companies exporting 80 per cent or more of their production.